

February 11, 2000

Mr. Larry Harms  
NIS Farmer-to-Farmer Program Coordinator  
USAID/BHR/PVC, Room RRB 7.06-095  
U.S. Agency for International Development  
Ronald Reagan Building  
1300 Pennsylvania Avenue  
Washington, DC 20523

RE: Cooperative Agreement No. FAO-A-00-92-00093-00

Dear Mr. Harms:

We are pleased to submit five copies of our NIS Farmer-to-Farmer Agricultural Finance final program report for the period September 30, 1992 through September 30, 1999. Attached to the report you will find:

- The Financial Status Report (attachment A)
- Volunteer Tracking System (attachment B)
- Impact Indicators (attachment C)
- Program Results Indicators (attachment D)

For questions concerning programmatic or administrative issues, please contact the relevant Program Coordinator, Kirill Reznik at (202) 383-4987 or Fred Smith at (202) 383-4981. You can also contact me with any questions, comments or concerns about this report or about our activities. Thank you.

Sincerely

Dennis De Santis  
Regional Vice President for ENI

Enclosures:

ACDI/VOCA Final Program Report  
Attachment A SF269 Financial Status Report  
Attachment B Volunteer Tracking System  
Attachment C Program Activity Impact Indicators  
Attachment D Program Results Indicators

**Farmer-to-Farmer  
Agricultural Finance Project**

**Final Project Report  
To USAID**

**September 30, 1992 to September 30, 1999**

Submitted by

ACDI/VOCA  
50 F Street, NW, Suite 1075  
Washington, DC 20001

Cooperative Agreement No. FAO-A-92-00093-00

February, 2000

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**Attachment D** – Program Results

## **SECTION 1 – OVERVIEW**

### **I. EXECUTIVE SUMMARY**

The Farmer-to-Farmer Agricultural Finance is a USAID-funded project to promote the development of private agricultural financing in the NIS by providing highly skilled short-term volunteer technical assistance to private farmers, credit cooperatives, agricultural banks, and other non-banking lending institutions. Launched in 1992 after the collapse of the Soviet Union, the program was one of USAID's initial efforts to begin providing technical assistance to the fledging economies. Because of this, ACDI/VOCA was often the first USAID grantee or contractor to have a presence in the NIS countries and ACDI/VOCA volunteers were viewed as the first "ambassadors" to the rural communities, offering insight into American customs and principles while providing technical advice and training to the emerging financial institutions. Moreover, ACDI/VOCA itself often became the primary source of information and advice for US companies and USAID grantees (and other foreign donors) interested in initiating programs in these countries as a direct result of implementing the FtF Agricultural Finance project. Significantly, ACDI/VOCA and ACDI/VOCA volunteers were able to influence legislation supportive of agricultural reform and help develop agricultural strategies in a number of the NIS countries.

From 1992 through 1999, ACDI/VOCA provided 452 FtF Agricultural Finance volunteers who completed 323 volunteer projects and directly benefited over 5,000 people in the countries of Russia, Ukraine, Georgia, Kazakhstan, Kyrgyzstan and Uzbekistan. While individual country strategies varied depending upon the conditions in each country, the FtF Agricultural Finance project targeted technical assistance to credit cooperatives, on-lending banks, credit unions, and business support organizations and associations that directly or indirectly dealt with agricultural credit issues. As the privatization process took hold to varying degrees in each country, the technical assistance provided by the FtF Agricultural Finance project evolved and changed to address the changing operating environment within each country. By virtue of its demand-driven nature, the FtF Agricultural Finance project also reflected the changing needs of the technical assistance recipients. This flexibility within the overall program resulted in country programs that successfully provided technical assistance to areas of need and areas where volunteer technical assistance proved the most successful over time.

As the economies in the NIS developed, the overall nature of the FtF Agricultural Finance project itself also changed over time from a strictly demand-driven technical assistance program to a program that became increasingly result-oriented. In response, ACDI/VOCA developed increasingly sophisticated methods of tracking impact, more focused volunteer assignments, and pursued a stricter adherence to a coherent country strategy. Significantly, the project management capacity of ACDI/VOCA improved with the development of these new tools as well as the ability to field highly skilled and experienced volunteers.

In the course of implementing the FtF Agricultural Finance project, ACDI/VOCA continually adapted its implementation strategy to incorporate changing conditions and proven successful implementation techniques. Several of these "lessons learned" became core operating principles for ACDI/VOCA's volunteer assistance programs. First, volunteer technical assistance is a proven mechanism for delivering effective technical assistance in the NIS, particularly in meeting the needs of not only small- and medium-sized business and private farmers, but also the needs of the lending institutions, as well. This two-fold assistance objective is most effective when focused in priority sectors and regions, though a balance is needed between maintaining a program focus and retaining a flexible program that can respond to unforeseen needs. Secondly, long-term partnerships between the foreign technical assistance provider and host organizations increase the impact of volunteer technical assistance.

Multiple volunteer assignments with the same host create a deeper relationship and a broader range of impact. Finally, building the capacity of support organizations, such as associations, cooperatives, consulting firms or business service centers, multiplies the spread of information and knowledge gained from a volunteer assignment while building a sustainable source of continued technical assistance for hosts.

During the early phase of the FtF Agricultural Finance project, ACDI/VOCA recognized the necessity of supporting local organizations and developing their capacity to provide technical assistance to farmers, lenders and agribusinesses beyond the life of the FtF Agricultural Finance project. However, very few of these types of organizations existed in the early 1990s. Accordingly, ACDI/VOCA established local NGOs with the capacity to conduct these types of activities in Russia, Georgia, Kazakhstan and Kyrgyzstan. After working with ACDI/VOCA staff and volunteers, these organizations are now the leading organizations in their respective countries in providing local consultants and training, as well as some participating directly in on-lending activities, themselves. Linked to this strategy of creating and/or assisting existing local consulting firms, ACDI/VOCA also increased the program focus on building the capacity of associations and other types of support organizations.

A key component of the FtF Agricultural Finance project is increasing public awareness and understanding in the US of the economic, social and political situation in the NIS, especially as the region undergoes the transition to a market economy and democratic government. ACDI/VOCA volunteers have proven themselves to be more than willing to share their experiences with their communities through presentations, newspaper articles, radio and television interviews and even their own web pages. ACDI/VOCA volunteers have conducted numerous oral presentations, written and contributed to newspaper articles and other media outlets, have verbally encouraged local friends, associates, business partners and community members to volunteer themselves, either with ACDI/VOCA or some other exchange opportunity. Additionally, ACDI/VOCA has brought approximately 50 volunteers to Washington, DC for group debriefing sessions that allow the volunteers to exchange experiences and brief ACDI/VOCA staff and the volunteers' Congressional representatives on the results of their volunteer assignment. ACDI/VOCA volunteers have made approximately 150 visits with Congressional representatives.

Throughout the duration of the FtF Agricultural Finance project, ACDI/VOCA sought to leverage the training from volunteers received by hosts with additional training and improved access to financial sources. Over the life of the FtF Agricultural Finance project, ACDI/VOCA volunteers helped hosts gain a total of over \$40,000,000 in loan, grant or investment funding, almost quadrupling the cost of the total seven-year project itself.

After providing volunteer technical assistance to the NIS for 7 years, it is clear that the FtF Agricultural Finance project played a significant role in helping creating the foundation for privatization. From serving as the initial "ambassadors" to rural communities to supporting the emerging private farmers, entrepreneurs, bankers and lenders to keeping US political leaders more informed on events in the NIS, ACDI/VOCA volunteers demonstrated a clear ability to produce impact. Ultimately, it was the Farmer-to-Farmer Agricultural Finance project's level of success in addressing the ongoing needs of the NIS countries during the early phases of transition that led to the continued support for the overall program.

## **II. PROJECT OVERVIEW**

### **A. SUMMARY/OVERVIEW**

Since project inception in 1992, the AF FtF program has fielded 452 volunteer specialists to provide hands-on training and technical assistance to clients in Russia, Georgia, Kazakhstan, Kyrgyzstan, Ukraine and Moldova. The program has primarily focused assistance to Russia, Georgia, and Central Asia through regional offices located in Moscow, Tbilisi, and Almaty. Assistance has been provided to private farmers, agricultural enterprises, agricultural support organizations, credit institutions, cooperatives, and educational and government institutions. More than 43 percent of program activities were directly related to the strengthening of credit institutions with a particular emphasis on improved loan operations enabling these institutions to better serve private farmers, agricultural enterprises, and small and medium-sized enterprises.

In 1992, the AF FtF program initiated program activities in Russia. The program emphasis was diverse, but with a consistent focus on improved financial operations and increased access to credit for the agricultural sector. The program continued to develop and the strategy was refined as the economic situation in Russia changed. The program initially focused on assistance to agricultural banks, then shifted to commercial banks as the financial sector consolidated and the agricultural banks were bought out or declared bankrupt. Assistance was also provided to agricultural enterprises and bank training institutions in improving financial operations and training to financial institutions. The program ultimately was an active participant in the development of a rural credit system based on rural credit cooperatives, which are owned and controlled by private farmers. Through ACDI/VOCA assistance a credit fund was established that now on-lends to these credit cooperatives which in turn make loans to their members. A total of 262 volunteers were fielded to Russia during the life of the project.

In 1994, the AF FtF program opened a regional office in Almaty to service financial sector clients in Kazakhstan and Kyrgyzstan. The program consistently provided high quality assistance to commercial banks on converting their operations to international standards. Assistance was provided on improved bank management practices, lending operations, international accounting standards, marketing, securities, foreign exchange, and human resource development. AF FtF developed long-term relationships with commercial banks through input from USAID/Almaty and the National Banks of Kazakhstan and Kyrgyzstan. The program regularly reviewed the program's bank partners and made adjustments to included partner banks as necessary. The program also evolved into providing assistance to Kyrgyz credit associations lending to private farmers, micro-finance institutions, the Kyrgyz Agricultural Finance Corporation, and bank training centers. A total of 133 volunteers were recruited to Central Asia throughout the life of the project.

AF FtF program operations began in Georgia in 1997 through an inheritance of Tri Valley Growers' FtF program in that country. The Georgia program has focused on two main initiatives: the development of a rural credit system and support to the USAID funded Seed Enterprise Enhancement and Development (SEED) project. As a result of AF FtF program activities, eight rural credit cooperatives and the Enki Foundation, a financial intermediary lending to credit cooperatives, were established and capitalized with proceeds from the USDA Food for Progress program. The program also supported the SEED program in its efforts to establish a viable seed enterprise capable of producing high quality seeds in Georgia. A total of 57 volunteers were fielded to Georgia as part of ACDI/VOCA's AF FtF program.

The AF FtF program effectively employed a regional approach to program implementation. The program's activities in all four countries were similar in nature, which provided an opportunity to share lessons learned and to design a standardized approach to providing the same services to our clients. The Russia program took advantage of the skills of Mr. Rusty Shultz and the lessons learned in Georgia in

establishing rural credit cooperatives when a new rural credit program was designed in Russia. The Central Asia program was able to use some of the materials developed on bank training in Russia, while also adopting a proven approach to training bank personnel. These are just some of the examples of how the program was able to function as a regional program aware of the other offices activities and able to take advantage of their experience in designing projects, identifying opportunities, and selecting host organizations and volunteers. The AF FtF Program Director based in Moscow, Russia was responsible for coordinating these activities and managing the overall program.

## B. SUMMARY TABLE WITH NUMBER AND TYPE OF VOLUNTEERS

By Type of Client	Total Volunteers	% Total Volunteers	Total Assignments	% Total Assignments
Private Farmers	21	4.65%	20	6.19%
Agricultural Enterprises	32	7.08%	26	8.05%
Associations, NGOs, support organizations	38	8.41%	30	9.29%
Cooperatives	59	13.05%	49	15.17%
Credit Institutions	206	45.58%	142	43.96%
Educational Institutions	74	16.37%	41	12.69%
Government Institutions	22	4.87%	15	4.64%
<b>TOTAL</b>	<b>452</b>	<b>100%</b>	<b>323</b>	<b>100%</b>
<b>By Sector</b>				
Dairy	9	1.99%	8	2.48%
Grains	11	2.43%	7	2.17%
Meat	6	1.33%	5	1.55%
Fruits & Vegetables	19	4.20%	15	4.64%
Credit	296	65.49%	195	60.37%
General	111	24.56%	93	28.79%
<b>TOTAL</b>	<b>452</b>	<b>100%</b>	<b>323</b>	<b>100%</b>

	No. of Volunteers	% of Volunteers
<b>Female</b>	<b>48</b>	<b>10.62%</b>
<b>Male</b>	<b>404</b>	<b>89.38%</b>
<b>TOTAL</b>	<b>452</b>	<b>100%</b>

## C. PROGRAM HISTORY

The AF FtF program was originally contracted with Agriculture Cooperative Development International (ACDI). In January 1997, ACDI and VOCA merged to form ACDI/VOCA. The program name was then changed to the Agricultural Finance Farmer-to-Farmer Program to distinguish it between the former VOCA Agribusiness Development Farmer-to-Farmer (AB FtF) Program.

ACDI/VOCA began implementation of the agricultural finance component of the Farmer-to-Farmer Program on September 29, 1992. ACDI/VOCA was to recruit, train and field approximately 230 volunteers with expertise in farm credit and agribusiness to provide technical assistance in the development of a rural credit system with emphasis on policy development, institutional building, and training. The initial program was to focus activities initially in Russia with assistance provided to or in collaboration with Russian partner organizations engaged in private farming, rural credit, and policy reform.

The goal of the program as stated in the original cooperative agreement was to “assist in the development of a functioning agricultural credit system resulting in more opportunities for farmers and



agribusinesses that will result in higher incomes from agriculture and greater investment in the sector. This will result in increased economic development and the emergence of the New Independent States of the former Soviet Union as better trading partners in the world market.”

The purpose of the program was to provide technical assistance and advice in four categories: (1) credit policy formation; (2) training and technical assistance to credit institutions; (3) training and technical assistance to borrowers; and (4) food systems diagnostic studies on which policy and program planning would be based.

The program was initially scheduled to last three years with the completion of program activities on September 30, 1995. Through agreements with USAID/BHR, the AF FtF program was extended each subsequent year until September 30, 1999. ACDI/VOCA each year completed a year work-plan and budget describing the planned program strategy and activities for the subsequent fiscal year. As a result, AF FtF fielded 452 volunteers to Russia, Georgia, Kazakhstan and Kyrgyzstan throughout the seven years of program implementation.

While the original program focus was to assist in the institutional development of a rural credit system in Russia, the cooperative agreement enabled AF FtF to conduct preliminary policy work in other NIS countries. AF FtF activities were conducted in Moldova, Ukraine, and Kazakhstan, and as a result ACDI/VOCA opened an AF FtF program office in Almaty in 1994. Through discussions with the USAID/Almaty mission, it was decided that AF FtF program activities would directly support the USAID Financial Restructuring Program and provide direct support to Kazakh and Kyrgyz commercial banks. The program continuously maintained its focus on commercial bank training, but eventually broadened its activities in later years to include activities on rural credit and lending to SME and micro-entrepreneurs.

The program expanded further in 1997 to Georgia. Tri Valley Growers had been actively implementing the FtF program in Georgia, but a corporate decision was reached to close its international development division. As a result, USAID asked ACDI to assume responsibility for program activities in Georgia. AF FtF changed the focus of the Georgia program from agricultural development to a focus on the creation of a rural credit system. Volunteers initially worked with commercial banks, but eventually most program activities were related to the creation of rural credit cooperatives and the establishment of a financial intermediary capable of on-lending to these cooperatives.

#### **D. LESSONS LEARNED**

A total of three evaluations were conducted of the Farmer-to-Farmer program through the seven years of program implementation. Two of the evaluations (May 1994 and July 1996) were conducted by USAID/BHR for the entire FtF program involving all implementers. ACDI/VOCA, as was required by the cooperative agreement, conducted an internal evaluation of AF FtF program activities in March 1996. All three evaluations provided useful information on the impact of the program as well as the key lessons learned. AF FtF made a concerted effort to continually improve upon the implementation of the program and used these lessons learned as a basis for constantly upgrading our approach. This section will only discuss general lessons learned that apply to the entire region of program implementation. Specific country lessons learned are described in a subsequent section of this report.

- *People-to-People exchanges of high quality volunteers are worthwhile and produce useful examples of new technological and management practices. However, the impact from short-term volunteer assistance is greatly enhanced and financially more efficient when leveraged against long-term development initiatives aimed at achieving the same objectives.*

- *Lack of access to credit and finance is the most limiting factor constraining the growth and development of private farming in the former Soviet Union. The most effective means of creating a rural credit system is through grass-roots initiatives resulting in the formation of private farmer owned and controlled credit cooperatives. Volunteer specialists can be a key component in the institutional development of rural credit cooperatives and financial intermediaries, but the system requires outside sources of capital and long-term management and oversight from program staff.*
- *Flexibility of the FtF program to fill specific needs of the host organizations is a strength of the program and focusing volunteer assistance in priority sectors and regions maximizes the impact of the program. A geographic and sector focus has proven to result in greater impact and sustainable results.*
- *The presence of regional offices (located in close proximity to the client) results in long-term FtF partnerships, effective identification of hosts, support volunteer logistics, and positive relationships with local governments and administrations.*
- *The clients are becoming more sophisticated and their needs are changing. Major financial institutions and agricultural enterprises still require and request volunteers for assignments of three weeks. However, the vast majority of clients now request and require volunteers for shorter durations and expect the assignments to be more intense. The client now realizes the inherent cost of time. The client expects results to have a positive impact on their financial position, while not disrupting their normal business operation during the assignment.*
- *The scope of work needs be developed to provide the volunteer with useful information, assist recruiting in identifying the most appropriate volunteer, serve as an agreement with the host on the type of service to be provided, and provide the baseline information of an effective monitoring and evaluation system.*
- *The FtF program should focus more of its attention on the institutional development of agricultural support organizations capable of providing the same high level assistance to the agricultural sector as the FtF program has historically provided. These indigenous organizations need assistance in becoming financially sustainable ensuring the continuing development of agricultural enterprises after completion of the FtF program. The legacy of the FtF program will be financially viable organizations able to provide business services and technology transfer assistance to their members and clients.*
- *The expansion of the internet and improvements in technology have not only assisted in marketing the FtF program to potential volunteers and clients, but have increased the communication between the field offices and the volunteer via email. The result is better prepared volunteers who are able to ask and answer questions about their assignment and their host prior to departure. It also means the volunteer is getting the information directly from the coordinator in the field with the most intimate knowledge of the host. This also provides for better communication between the volunteer and the host after completion of the assignment either directly through email or through the field offices.*

## **E. SUMMARY RESOURCES LEVERAGED**

A leveraged financial resource is defined under the AF FtF program as “financial resources that our clients received as a result of direct support from AF FtF volunteers.” Throughout the life of the program, ACDI/VOCA was successful in working with our clients to leverage additional financial resources enabling them to expand and improve their activities. The most common form of leveraged

resources was the infusion of additional or start-up capital for rural credit and commercial bank lending operations. In Russia, ACDI/VOCA's partner, the Rural Credit Cooperation Development Fund (RCCDF), received a total of \$10.3 million used to capitalize a rural credit fund to be used for on-lending to credit cooperatives. In Georgia, the AF FtF program worked directly with the USDA Food for Progress program to capitalize the first rural credit cooperatives and establish the Enki Foundation as a financial intermediary. USAID was so pleased with the rural credit activities in Georgia that an additional \$1.5 million was contributed directly from USAID in 1998. In Central Asia, the AF FtF program has provided direct support to the Agro-Credit Djalal-Abad Association, the Osh Farm Credit Association, and the Chui Farm Credit Association. The rural credit activities of the AF FtF program not only demonstrate the effectiveness the program has had in creating the first rural credit systems in these countries, but it also underscores the positive results that have been achieved by working directly with other USAID and USDA programs. In this report, we classify the leveraged resources as the funds received by the rural credit institutions. However, there have also been increased savings in program implementation costs by leveraging financial resources with other U.S. programs namely the Mobilizing Agricultural Credit Program (Russia), the Seed Enterprise Enhancement and Development (SEED) Project (Georgia), and the Food for Progress Program (Georgia and Kyrgyzstan).

The program also substantially leveraged financial resources through our commercial bank partners. Several received access to additional lines of credit, while others were able to greatly improve their financial position due to the long-term relationship with the program, in both cases this enabled them to increase their loan portfolio. In Central Asia, the program also coordinated closely with the Kazakhstan Community Loan Fund (KCLF) and local credit unions. This enabled these institutions to improve their ability to provide financing to SME and micro-entrepreneurs.

It is also important to note that while not classified as leveraged financial resources, the AF FtF program generated substantial in-kind contributions through both the time donated by the volunteers and additional resources provided by the host organizations. The AF FtF program consistently required host organizations to demonstrate their commitment to program implementation through various means by funding a combination of an interpreter, driver, lodging, meals, and/or local transportation.

## **F. SUSTAINABILITY**

The AF FtF program has focused on building sustainable financial institutions and its legacy is the presence of strong institutions on track to be financially viable. The AF FtF strategy was to provide short-term technical assistance in collaboration with longer-term initiatives. In Russia and Georgia, the rural credit system being developed was a direct outgrowth of AF FtF program activities. In Central Asia, AF FtF selected viable commercial banks, rural credit cooperatives, and micro-finance institutions that were already established and had good potential for long-term sustainability.

In Russia, the Rural Credit Cooperation Development Fund (RCCDF) and the nascent rural credit cooperatives have the initial seed capital necessary to ensure their growth. AF FtF has provided direct assistance to RCCDF and rural credit cooperatives, and worked in partnership with RCCDF to develop the Russian-American Lending (RAL) Program. As a result, USDA and the Russian Ministry of Agriculture agreed to provide proceeds from the sale of US donated seeds to capitalize the fund. There are over 90 rural credit cooperatives in Russia, with nine accredited into the Russian-American Lending Program and eligible to receive loans. Seven of the nine accredited cooperatives have received direct AF FtF assistance. RCCDF has approximately 25 million rubles and has provided 5,365,000 rubles in loans to 8 credit cooperatives. The loan repayment rate is currently 100 percent. ACDI/VOCA estimates that the RCCDF will break-even in the fall 2000.

In Georgia, AF FtF was instrumental in the creation of the first rural credit cooperatives and the establishment of the Enki Foundation, a financial intermediary capable of lending to credit cooperatives. There are now 8 functional rural credit cooperatives. Approximately \$295,000 in loans has been made to more than 1500 farmers and small/medium enterprises. The loan repayment rate is 98 percent. The Enki Foundation and the credit cooperatives were initially capitalized with proceeds from ACDI/VOCA's USDA funded Food for Progress Program. An additional \$1.5 million has been provided by USAID to further capitalize the lending operations.

In Central Asia, the AF FtF program has supported three rural credit associations that were established through an ACDI/VOCA USDA funded Food for Progress Program. The Agro-Credit Djalal-Abad Association, the Osh Farm Credit Association, and the Chui Farm Credit Association have made more than \$700,000 in loans. The financial sector continues to mature and many of AF FtF's commercial bank clients are experiencing positive financial growth while making a transition to international standards during difficult economic conditions. The following banks have reported positive financial improvements as a result of a long-term relationship with AF FtF: Bank CenterCredit, Kazkommertsbank, City Bank of Bishkek, and Investment Bank Issyk-Kol. The AF FtF program also provided short-term assistance to the Kazakhstan Community Loan Fund (KCLF), a micro-finance institution established by ACDI/VOCA. KCLF has achieved break-even and has a delinquency rate of less than 1 percent. It maintains an outstanding loan portfolio of \$314,000.

The legacy of the AF FtF program is that these financial institutions will continue to provide lending to their core clients including private farmers, micro-entrepreneurs, small and medium-sized enterprises, and agribusinesses. The absence of a functioning financial sector capable of meeting these entrepreneurs needs was one of the main constraints to a successful transition to a market economy identified at the start of AF FtF program activities. While the process in creating rural credit systems and a viable financial sector has been slower than anticipated, the foundation is now in place to allow for these institutions to expand and grow. The presence of the new FtF program and other long-term USAID and USDA initiatives will also provide the needed support to ensure these institutions continue in their progress towards sustainability.

## **G. PUBLIC OUTREACH**

From 1992 – 1997, each volunteer was briefed and de-briefed in the Washington, D.C. office by AF FtF program staff. This provided the program staff with an opportunity to prepare the volunteer for their assignment as well as learn about the effectiveness of program activities upon their return to the U.S. The AF FtF program always provided USAID/BHR with the opportunity to attend the de-briefings, which they did on a regular basis. While the volunteer was in Washington, D.C. many of them took the opportunity to visit their Senator or Representative to discuss with them the positive attributes of the FtF program as well as the need to continue providing agricultural development assistance to the NIS.

Since 1997, the AF FtF program has participated in an ACDI/VOCA wide quarterly de-briefing activity. AF FtF staff selects volunteers who have completed successful and interesting projects to travel to Washington, D.C. to participate in a formal de-briefing for ACDI/VOCA staff, USAID officials, and other interested parties. ACDI/VOCA's public relations staff actively participates and provides useful information to the volunteer on how to conduct public outreach in their local communities. The volunteers are also provided the opportunity to visit the United States Congress as was done in the past.

After completing their assignment, a majority of volunteers shared their experience within their local community through speaking engagements or the publishing of articles in their local newspaper. AF FtF program staff always assisted the volunteer in these activities by providing promotional material on USAID, ACDI/VOCA and the AF FtF program. An information sheet on how to contact your local

newspaper and useful information to include in an article or presentation was also developed and distributed to the volunteers at the de-briefing. Many of the articles written about the volunteers' experiences were forwarded to ACDI/VOCA and sent to USAID/BHR.

It is difficult to estimate the full impact from these outreach activities. However, there was a direct impact on recruitment activities as more friends, colleagues, and acquaintances of former volunteers consistently contacted AF FtF staff about participating on the program. The Agridec evaluation conducted in May 1996 concluded that 75 percent of all volunteers of the FtF program had done public outreach.

Another important form of public outreach was through the growth of the Internet. ACDI, and eventually ACDI/VOCA, designed a corporate web-site that included information on volunteer opportunities and the FtF program in particular. This has become an important vehicle for disseminating information to current and potential volunteers, as well as U.S. citizens interested in the implementation of U.S. technical assistance programs to the NIS.

## **H. DEVELOPMENT OF VOLUNTEER SYSTEMS AND HOW SYSTEMS HAVE EVOLVED AND IMPROVED**

A Project Coordinator, located in Washington, D.C., was responsible for all volunteer recruiting for the AF FtF program until 1998 when all recruiting was transferred to ACDI/VOCA's regional recruiting offices. A Project Assistant supported the program by handling all logistical arrangements and maintaining the volunteer files. The AF FtF program initially relied on the strong linkages that ACDI maintained with the farm credit system in locating rural credit specialists for Russia. The program also benefited greatly from the contacts of Mr. Larry Buegler, the first COP for program activities. As program activities increased and the required volunteer type became more diverse, a more sophisticated volunteer recruitment system was installed. In 1994, the volunteer questionnaire was revised and a volunteer recruitment database was created in the "Q&A" database system. A program intern was hired to maintain the volunteer database and ultimately assumed responsibility for program logistics. This enabled the Project Assistant to assist with the recruiting process by contacting potential volunteers.

The program recruiters used a very effective targeted recruitment approach which involved identifying potential candidates from the database and contacting U.S. organizations engaged in similar activities as those requested in the scope of work. The recruiter would then continue to build a list of referrals if no qualified or available candidate could be located through the database. This helped to further increase the potential volunteer pool as well as helped to promote FtF activities to individuals who were not familiar with our program. The system was flexible in its approach enabling the recruiters to effectively meet the demand for new types of volunteers as the need changed in Russia and as the program moved into new types of activities in Central Asia. AF FtF also forged alliances with the Farm Credit Administration, CoBank, and several commercial banks, which assisted in helping to identify potential candidates from their organizations.

The process of merging the AF FtF program's recruitment activities with current VOCA volunteer programs started in Fall 1996. The first stage of this merger involved the development of one volunteer briefing book and a streamlining of volunteer systems. By mid-1997, the program adopted a new model of U.S.-based program management. At this time all activities related to recruitment and logistics were transferred to ACDI/VOCA's regional recruiting offices, while a Project Coordinator continued to be based in Washington, D.C. to handle programmatic issues. This was one of the first benefits realized from the merger between ACDI and VOCA and resulted in a streamlining of recruitment activities. The information from the AF FtF "Q&A" database was eventually transferred to the "VTS"

system, used previously by the VOCA volunteer programs. The recruitment systems continued to evolve enabling the AF FtF program the ability to recruit quality volunteers for more sophisticated clients.

## **I. IMPACT**

The AF FtF fielded 452 highly skilled volunteer specialists to provide training and technical assistance to 323 host organizations including financial institutions, private farmers, agricultural support organizations, cooperatives, educational and governmental institutions. USAID/BHR developed an approach for analyzing FtF impact at three different levels. The First Level (Host Level) demonstrates that a volunteer had an impact on changing attitudes, thinking, knowledge of skills, production, income, employment increases, organizational or management development of the host institution. Most assignments had at least an impact at this level. The unique people-to-people exchange approach of the FtF program enables a volunteer specialist to build a trusting relationship with the host. The volunteer is then able at a minimum to have an impact in providing new ideas, different approaches, and concrete recommendations on improvements in the host's operations. This impact was most prevalent when the assignment was completed with an agricultural enterprise, financial institution, or private farmer.

The second level of impact analysis involves looking at to what extent changes and impacts achieved at the host level have had a spread effect and influenced others to adopt changes in attitudes and practices. This impact was achieved through the AF FtF methodology of training trainers from bank training schools, consulting centers, and educational institutes. The AF FtF program advanced the program from the provision of seminars to a structured process whereby practical training modules were developed that could be incorporated into the training curriculum of these institutions. The AF FtF program built long-term relationships with the Central Bank Training School of Russia, the International Finance and Banking School, the Almaty Bank Training Center, and other training institutions. In addition, AF FtF worked to target assistance to key personnel within an enterprise who would not just benefit themselves from the assistance received, but could serve as a mentor to others within the organization on the techniques and principles learned.

The Third Level (and highest level) of impact assessment analyzes to what extent the program is able to impact on and contribute significant changes in the underlying systems of production, marketing, finance and policy. The AF FtF program was specifically tasked with the finance component of this impact level and a review of program achievements clearly indicates that the AF FtF program has achieved its original goal "of assisting in the development of a functioning agricultural credit system." An effective mechanism for providing loans to private farmers has been established in Russia, Georgia, and Kyrgyzstan. As a direct result of AF FtF assistance a total of 20 rural credit cooperatives in these three countries have lent approximately \$1.2 million to their members for the purchase of production inputs. In Russia and Georgia, two financial intermediaries have been established and are on-lending additional financial resources to rural credit cooperatives. This is truly a historic achievement in each of these countries where a functioning rural credit system did not exist at the start of program activities.

The specific impact achieved in each of the focus countries of AF FtF activities has been addressed in subsequent sections of this report.

## **SECTION 2 – COUNTRY PROGRAMS**

### **I. OVERVIEW**

The Agricultural Finance Farmer-to-Farmer (AF FtF) Program began operation in Russia on September 29, 1992. Program activities were then expanded in 1994 to Central Asia with the opening of an office in Almaty, Kazakhstan and the initiation of volunteer assignments in Kazakhstan and Kyrgyzstan. The program further expanded to Georgia in 1997 with the inheritance of Tri-Valley Growers' activities in that country.

The AF FtF program was originally contracted with Agriculture Cooperative Development International (ACDI). In January 1997, ACDI and VOCA merged to form ACDI/VOCA. The program name was then changed to the Agricultural Finance Farmer-to-Farmer Program to distinguish it between the former VOCA Agribusiness Development Farmer-to-Farmer (AB FtF) Program. ACDI/VOCA's AF FtF program was active for seven years in providing technical assistance and advice in four categories: (1) credit policy formation; (2) training and technical assistance to credit institutions; (3) training and technical assistance for borrowers; and (4) food systems diagnostic studies.

### **II. COUNTRY INFORMATION**

#### **A. RUSSIA**

##### **Program Strategy and Evolution**

During the course of the FtF Agricultural Finance project in Russia, ACDI/VOCA conducted 167 volunteer assignments utilizing 262 volunteers over the course of 7 years. The program strategy in Russia was consistently revised in order to adjust to the changing environment for rural credit in the agricultural sector. While program focus shifted the goal of the program always remained to increase access to credit to private farmers and agribusinesses through assistance to financial institutions and end users of financial resources.

The AF FtF program approach in 1992 and 1993 was focused on assistance to newly formed agricultural banks. The Russian agricultural system had largely relied on soft credits through Agroprombank until the early 1990s when private agricultural banks began to form under the auspices of AKKOR (the Association of Private Farmers). During this period AF FtF provided direct technical assistance to bank managers and credit officers on credit policies and procedures and bank management. AF FtF also worked with leaders in the agricultural sector to begin promoting the idea of a private rural credit system similar to the US farm credit system.

By 1993, it was evident these agricultural banks were not going to survive. Many of them were undercapitalized and had non-performing loan portfolios. Their ultimate demise came when the Central Bank prudently raised the capital requirements for financial institutions. This caused dramatic closings in the banking sector and also resulted in several bank mergers. At this stage the strategy was refined to refocus the primary emphasis toward commercial banks especially those interested in agricultural downstream activity (i.e. food processing, storage, and commodity exchange) and mortgage finance; bank training institutions; and work with policy makers and donors at local and national levels.

In October 1994, the program underwent another major change in program strategy. Dr. Fred Smith who had been serving as the Deputy Chief of Party was promoted to Chief of Party. Dr. Smith redefined the program to become more results oriented. While still targeting overall improvements with

host clients as defined in previous workplans, the project committed to work with the client institution until defined goals were met. This meant that there would be multiple assignments based on a defined plan that built on the work of previous volunteers and reinforced the work of those volunteers.

The AF FtF program in Russia continued to focus on provision of services to commercial banks. However, program activities were also expanded to include work with agribusiness borrowers, target creation of credit facilities for private farmers, and work with non-financial institutions to focus on curriculum development and training of trainers rather than individual volunteer assignments dedicated to seminars. The AF FtF program continued to provide assistance to these groups until the end of program completion in 1999.

The AF FtF program has been heralded by the Central Bank Training School of the Russian Federation for developing an effective model of curriculum development. AF FtF fielded volunteer specialists worked directly with trainers from the Central Bank Training Schools. A joint training model was developed with the US specialists bringing the technical know-how and the Russian specialists contributing with knowledge of the Russian environment. A volunteer would then return to Russia to actually conduct the developed training workshop for trainers for the thirteen Central Bank schools. These trainers would then implement the course within their own school and train students who represented the next generation of Russian bankers. Over 30,000 students received training as a direct result of the modules developed by AF FtF volunteers.

Rural credit cooperatives began to form in Russia in 1997. This is perhaps the greatest achievement of the AF FtF-Russia program. Early on during program implementation private farmers, government officials, and even loan officers were interested in learning about the US Farm Credit System as well as other models present in Europe. However, they were slow to adopt the knowledge and form non-bank financial institutions. However, AF FtF program continued to assist its beneficiaries in increasing their knowledge of rural credit, which ultimately resulted in the creation of the first grass roots credit cooperatives being formed in Russia. Except in Volgograd, these credit cooperatives primarily formed without outside financial resources. The AF FtF program quickly realized that the effective development of a rural credit system through farmer owned and controlled credit cooperatives required the establishment of a central fund capable of providing direct lending support. As part of its activities, the AF FtF program worked with the Rural Credit Cooperative Development Fund to establish a rural credit fund, which by September 1999 had made its first five loans to rural credit cooperatives amounting to 3,110,000 rubles. The AF FtF program continues to work primarily at the grass-roots level with credit cooperatives on credit policies and procedures, internal controls, credit administration, loan analysis, cooperative-borrower relations, borrower training, and organizational development. The FtF program strategy is to assist the credit cooperatives to function on a sound financial basis. The approach provides for training to cooperative staff and borrowers on areas of weakness so they can ultimately graduate into the ACDI/VOCA administered Russian American Lending (RAL) program and access credit.

The AF FtF program has also adopted as part of its overall strategy assistance to indigenous Agricultural Support Organizations (ASOs). ASOs are classified as any organization that provides services to the agricultural sector, including associations, consulting centers, education centers, and institutes. Assistance has been focused on institutional development and improving the organizations' ability to provide high quality assistance. The AF FtF program also continues to provide firm-level assistance to agricultural enterprises providing business services on financial management, marketing, strategic planning, improved production and processing techniques, and increased efficiency.

### Program Impact



<u>RUSSIA (including Ukraine/Moldova)</u>	No. of Volunteers July 1 to Sept. 30, 1999	No. of Assignments July 1 to Sept. 30, 1999	No. of Volunteers Since Program Began in Country	No. of Assignments Since Program Began in Country
<b>By Type of Client</b>				
Private Farmers	0	0	2	2
Agricultural Enterprises	8	8	26	21
Associations, NGOs, support organizations	3	3	29	21
Cooperatives	3	3	40	32
Credit Institutions	0	0	81	45
Educational Institutions	2	2	72	40
Government Institutions	0	0	12	6
<b>TOTAL</b>	<b>16</b>	<b>16</b>	<b>262*</b>	<b>167*</b>
<b>By Sector</b>				
Dairy	2	2	7	7
Grains	3	3	8	5
Meat	0	0	4	4
Fruits & Vegetables	2	2	12	8
Credit	6	6	180	109
General	3	3	51	34
<b>TOTAL</b>	<b>16</b>	<b>16</b>	<b>262*</b>	<b>167*</b>

\* ACIDI/VOCA, on a number of occasions utilized volunteer teams on various assignments in order to strengthen the impact to host organizations. This is the reason that the total volunteers sent overseas outnumbers the number of assignments conducted.

#### **a. Rural Credit**

- The beginning of a functioning private rural credit system through user-owned and controlled rural credit cooperatives comprised of private farmers.
- 50 rural credit cooperatives functioning for over one year in 19 regions of Russia.
- Over 1500 private farmers are members of rural credit cooperatives and have increased access to production and consumer credit.
- 2 non-profit organizations (Rural Credit Cooperation Development Fund and the Union of Rural Credit Cooperatives) have been established to provide services to rural credit cooperatives and advocate on their behalf.
- The Rural Credit Cooperation Development Fund (RCCDF) has received 24 million rubles from the sale of U.S. donated seeds (as part of the USDA food aid program) for the implementation of the Russian-American Lending (RAL) Program.
- 7 rural credit cooperatives have been accredited into the RAL program, enabling them to submit loan applications to RCCDF.
- The RCCDF has made loans to 5 rural credit cooperatives for a total of 3,110,000 rubles (approximately \$122,000). The rural credit cooperatives have in turn made 28 loans to private farmers and local credit cooperatives.
- The 5 rural credit cooperatives all paid their first months capital contribution (interest) on time in October 1999.

#### **b. Bank and Financial Training**

- 17 training modules were developed and incorporated into the curriculum of four financial training institutions (the Central Bank Training School, International Finance and Banking School, Inkombank Training Center, and the Academy of National Economy).
- Over 250 trainers have been trained on the use and implementation of the training modules developed.

- Over 30,000 students at 13 schools of the Central Bank Training School have completed courses developed by AF FtF volunteers. These students represent the next generation of bank managers in Russia.

**c. Macro-economic Trends in Russian Agriculture (1992 – 1999)**

**The AF FtF program has worked directly and indirectly on the passage of new enabling legislation in agriculture as well as on the development of private farmers in Russia.**

***Private Farming:***

- There are approximately 290,000 private farmers in Russia.
- Private farmers have increased their total number of hectares from 38 ha to 53 ha over the last 10 years.
- Yields on private farms have been consistently reported as being on average greater than former collective and state farms in Russia.

***Legislation:***

- The Law on Agricultural Cooperation (Cooperative Law) was passed. The passage of this law has led to the creation of consumer and production cooperatives. Rural credit cooperatives also register under the auspices of this law.
- Draft Law on Land Titling and Land Cadastre. This law has still not been passed by the State Duma, but there is renewed interest.
- First Reading of the Draft Law on Rural Credit Cooperatives was passed in September 1999.

**\*\* Information provided through Interfax News Agency Agriculture Report, September 4-10, 1999, "Private Farming on the Up in Russia."**

**Significant Accomplishments**

**a. Development of a Rural Credit System**

The revitalization of Russian agriculture is a complex and long-term task. It requires the development of a policy framework and economic reforms, restructuring of farm and food processing enterprises, the creation of a system of service and financial institutions that support agriculture, and the individual efforts of farms and agricultural entrepreneurs to increase productivity and profits. No issue is more limiting and severe than the lack of producer access to financing at affordable rates. Farmers' lack the capital required to restore productivity, thus limiting their capacity to take advantage of policy reforms. The AF FtF program has been working to alleviate this problem through the creation of a functioning agricultural credit system in Russia since 1992.

Fundamentally, the problems confronted by Russian producers are similar to those faced by farmers around the world. Agriculture is viewed as a high-risk, low-return venture by traditional banking institutions. Capital tends to flow to the commercial centers and economic sectors where a broader range of financing opportunities can be found. Consequently, the need exists to create and maintain an institution capable of working with agriculture to reduce risk, enhance profitability, and normalize a flow of capital to rural communities. These economic circumstances driving the need to mobilize capital to support an agricultural finance system in Russia are similar to those found in the U.S. when the Farm Credit System was established. While Russia faces unique circumstances that make it possible to

duplicate any system, the issues are not substantially different from those that have been successfully addressed through the development of cooperative financial institutions in many countries.

The AF FtF program's initial work through the provision of assistance to agricultural banks, AKKOR, and private farmers laid the foundation for the eventual establishment of regional and local rural credit cooperatives. Since 1992, Russia has shown considerable interest in credit cooperatives. Initially there was much research and debate regarding the most appropriate model for Russia: the U.S. Farm Credit System; Rabobank model; Credit Agricole; and the German Raiffausen approach. The AF FtF program focused on the attributes of the U.S. Farm Credit System, but always maintained that the model was less important than sound lending policies and procedures.

In 1996 and 1997, there was a significant transition from theory to practice. Rural credit cooperatives began to form primarily with capital derived from private farmer members. This is one of the main achievements of the AF FtF program that farmers began to fully understand the benefits of a user-owned and controlled rural credit system and were willing to part with some of their own limited financial resources to create such an institution.

There are now 50 rural credit cooperatives with over 1500 private farmer members that have been operating in Russia for longer than one year in 19 regions of Russia. The AF FtF program has provided direct hands-on training to 25 credit cooperatives to improve their overall operations including credit policies and procedures, internal controls, board/member relations, loan portfolio analysis, financial reporting, and loan monitoring.

The existence of the credit cooperatives and their continued formation represent the foundation for a rural credit system in Russia. However, ACIDI/VOCA realized that their growth and development would be severely limited without an external source of financing to further capitalize their operations. ACIDI/VOCA and the Rural Credit Cooperation Development Fund (RCCDF), a Russian private non-profit organization, began to jointly advocate establishing a central fund under the auspices of the RCCDF. As a result of discussions between ACIDI/VOCA, RCCDF, USDA, and the Ministry of Agriculture and Food, Secretary Glickman and Deputy Prime Minister Khlystun signed a Memorandum of Understanding establishing the Russian-American Lending (RAL) Program for rural credit cooperatives. USAID/Moscow also agreed to expand ACIDI/VOCA's ability to provide long-term technical assistance to RCCDF and the rural credit cooperatives by funding the Mobilizing Agricultural Credit (MAC) program. All of these new initiatives were a direct result of the AF FtF program.

The RCCDF has received a total of **24,323,074** rubles for the implementation of the RAL program from the sale of U.S. donated seeds as part of the U.S. food aid program of 1999. RCCDF has been told it will receive a total of 32 million rubles. Seven credit cooperatives, all of which have received assistance from the AF FtF program, have been accredited into the RAL program. Accreditation certifies that the cooperative is operated with sound lending policies and procedures and their borrowers have demonstrated a good repayment history. Accredited cooperatives are authorized to submit lending applications to RCCDF. Five credit cooperatives in August 1999 submitted lending applications. As a result, RCCDF made five loans to credit cooperatives totaling 3,110,000 rubles in September 1999. The cooperatives in turn on-lent the 3,110,000 rubles in 28 loans to individual private farmers and local credit cooperatives.

#### b. Central Bank Training Schools

The AF FtF program began to formally collaborate with the Central Bank Training School (CBTS) of the Russian Federation in 1994. This fruitful relationship resulted in the development of 13 bank-training modules, a review of the CBTS curriculum, and reverse training for CBTS staff to the

United States. The AF FtF program pursued assignments in bank training institutes as part of its overall strategy to assist in the development of a sound financial sector in Russia. Targeted assistance to trainers of training institutes resulted in a replicable model of assistance that could be transferred to large number of beneficiaries representing both current and future bank managers of Russia.

The CBTS has thirteen schools across Russia and is the preeminent training school in Russia for college level students interested in entering the banking sector. The CBTS had been collaborating with several international donor assistance programs prior to working with the AF FtF program. However, the management of the CBTS was looking for a new innovative approach to training and technical assistance. Together ACDI/VOCA and the CBTS devised an effective methodology for developing practical training modules that could be incorporated into the curriculum of all 13 schools of the CBTS. AF FtF's team approach involved fielding one or two technical volunteers to work directly with five trainers of the CBTS. The team then worked together to complete a practical training module on a specific issue (ie: Bank Supervision and Audit or Deposit Operations). The AF FtF volunteers brought the technical know-how and the CBTS trainers brought knowledge of the Russian environment. In most instances the CBTS trainers were able to work with the volunteers to incorporate relevant case studies from the Russian financial sector. The CBTS trainers that participated were always from various training schools associated with the CBTS network. This also provided for a unique opportunity for these trainers to interact with each other and to share their own experiences.

As a result of the first assignment, a draft module was developed and translated into Russian. A second follow-on assignment was planned and a volunteer would return to both refine the draft module and to actually teach the 2 or 3 week course to trainers from all thirteen schools. When possible, one of the volunteers that participated on the first assignment returned to actually teach the course. The teaching of the module to the trainers had two main results: (1) both the ACDI/VOCA volunteer and the trainers were able to better refine the module as it was being taught; and (2) the trainers learned new innovative training techniques that they could adopt as they taught the course to their students. After completing the workshop conducted by the volunteer, the trainers were responsible for teaching the course as part of their overall curriculum.

As a result of five years of collaboration, ACDI/VOCA and the CBTS jointly developed thirteen training modules. ACDI/VOCA received a letter from the CBTS in 1997 stating that 26,200 students and employees of the Central Bank had benefited directly from the courses developed with ACDI/VOCA. We estimate that by the end of the project more than 30,000 students of the CBTS participated in the courses developed. The training modules developed included:

- Bank Currency Transactions
- Economic Analysis
- Deposit Operations for Commercial Banks
- Bank Management
- Bank Marketing
- Bank Supervision and Audit
- Functions of the Securities Market
- Securities Market (2)
- Financial Mathematics
- International Accounting Standards
- Computer Simulation Module
- Bankruptcy and Liquidation

AF FtF also arranged an effective reverse Farmer-to-Farmer training program for staff of the CBTS, a total of 10 individuals (5 from Russia and 5 from Central Asia) as well as provided assistance on

reviewing the overall curriculum of the institution and its requirements for receipt of student certificate of completion. As a result of this assistance, the CBTS adopted a new strategy for education within the framework of the Central Bank. This moved the Central Bank closer to international standards providing their students with a high level of advanced training. The Central Bank also hopes that the United States will eventually recognize their degree as many European countries have done.

### Lessons Learned

- The effective implementation of the FtF Program in Russia requires a regional presence in addition to Moscow. Regional offices offer advantages in identifying hosts, building long-term partnerships, supporting volunteer logistics, understanding regional constraints to economic development, and establishing relationships with local administrations. The administration of regional offices also provides significant cost savings to the program.
- Sustainable agricultural development in Russia will only be achieved when viable indigenous Agricultural Support Organizations are developed to meet the needs of agricultural enterprises.
- The largest inhibiting factor in the development of farm producers and agricultural enterprises is their inability to access affordable credit for the purchase of inputs and raw materials; new modern equipment and technology; and the expansion of operations.
- The flexibility of the FtF program to fill specific needs to host organizations is one of the strengths of the program that should be retained. AF FTF has also learned that in focusing volunteer assistance in priority sectors and regions maximizes the impact of the program. Over the past several years AF FTF has found a balance between maintaining a program focus while retaining a flexible program that can respond to unforeseen needs.
- Long-term partnerships between AF FtF implementers, host organizations and local partners increase the impact of volunteer technical assistance. Multiple volunteer assignments with the same host creates a deeper relationship and a broader scope of activities. By linking volunteers who increasingly work with the host as a partner, with local expertise and the potential for identifying financial resources creates a powerful tool for achieving sustainable results.

### Farmer-to-Farmer Resources Leveraged

The AF FtF Program leveraged approximately **\$21,075,000** for its clients in Russia throughout the life of program implementation. These are financial resources that our clients received as a result of direct support from AF FtF volunteers. The following is a description of the highlights of resources that were leveraged:

- **Rural Credit Cooperation Development Fund (RCCDF):** The RCCDF received a total of \$10.3 million through funds received from the US-Russian Joint Commission for Agriculture and Rural Development and proceeds from the sale of US donated seed. The RCCDF received all of its funds in rubles and the dollar equivalent was based on the prevailing exchange rate on the day of receipt of the funds. Inflation and exchange loss have significantly eroded the current value of the funds. AF FtF worked closely with the RCCDF in designing and implementing the Russian-American Lending (RAL) program. The funds leveraged are used for on-lending to rural credit cooperatives who in turn lend to their members, private farmers. In addition, ACDI/VOCA was instrumental in arranging a Cochran Fellowship Training Program to the US for 5 individuals from RCCDF and rural credit cooperatives.

- **Kransodar Bank:** AF FtF had a long-term relationship with the Krasnodar Bank in assisting the bank in improving their overall operational systems and in working directly with the bank's clients. Krasnodar Bank, a commercial bank, had a strong interest in lending to agricultural enterprises because of their great potential in Krasnodar Krai, a predominately agricultural region. As a result of AF FtF assistance, Kransodar Bank received a \$10 million line of credit from a Greek bank. Kransodar Bank, like many Russian banks, was devastated by the financial crisis of 1998. The bank was bought by SBS-Agro, the main Russian agricultural bank, whose own future is very uncertain at this time.
- **NET Project:** AF FtF leveraged for our clients a total of \$275,000 for 11 training programs to the United States through the NET Project. Each of the training programs was valued at \$25,000 and focused on agribusiness management, cooperative development, and rural finance.
- **Siberian Peasant Bank** – As a result of the program's long-term relationship with the Siberian Peasant Bank in Novosibirsk, a \$500,000 loan was provided to an AF FtF agricultural enterprise client in the region. AF FtF provided assistance to the Siberian Peasant Bank through rural credit volunteer specialists.

## B. CENTRAL ASIA

### Kazakhstan Program Strategy and Evolution

During the course of the FtF Agricultural Finance project in Kazakhstan, ACDI/VOCA conducted 65 volunteer assignments utilizing 49 volunteers over the course of 5 years. In 1994, the AF FtF program was expanded to Central Asia with the opening of a program office in Almaty, Kazakhstan. Through discussions with the regional USAID/Almaty mission and the National Bank of Kazakhstan it was determined that program activities would be placed under the financial reform program. Initially activities were directed toward a group of five banks primarily active in the agricultural sector that had been selected by program staff, USAID, and the National Banks. Unfortunately, the agricultural banks suffered from a severe shortage of capital and huge portfolios of non-performing loans associated with directed credit programs. These difficulties severely constrained any attempt at reforming or improving operations.

In 1995, the AF FtF program made a joint decision with USAID to expand the program's work with commercial banks that had some interest in the agricultural sector and more capacity to provide loans. AF FtF program activities focused on bank management, loan portfolio analysis, credit policies and procedures, international accounting standards, and human resources development. The program initiated an effective approach to assistance with the chosen financial institutions. A yearlong workplan was developed with each of the banks located in Almaty. The workplan detailed in advance the number and sequence of volunteer assignments that would be completed throughout the year providing for follow-on assistance in many areas of bank operations. This increased the effectiveness of short-term technical assistance since volunteers had information from previous assignments and could interact with former volunteers prior to arriving in Central Asia. It also increased the commitment of bank management to make changes based on the recommendations from AF FtF volunteers.

In 1996, AF FtF made a request to USAID to allow the program to begin targeting lenders with a direct agricultural mandate. The conditions in Kazakhstan and Kyrgyzstan were beginning to change providing for the development of non-bank financial institutions. The program began to target these institutions and decided to provide assistance only when it was evident there were funds available for lending to the agricultural sector. The program also began to re-evaluate the targeted banks due to

constant changes within the financial sector. More emphasis was also placed on international accounting standards, which was a major policy initiative of the National Bank of Kazakhstan.

From 1997 through 1999, the AF FtF-Central Asia program provided support in two main areas of activity. First, the program continued its close collaboration with USAID/Almaty's programs in support of financial reform fostering the development of profitable banking institutions interested in lending to the agricultural sector. The program's approach continued to provide technical assistance aimed at strengthening the institutional capacity of the banks based on sound management practices and financial controls in accordance with international standards.

The second area of importance was support to other international donor programs aimed at providing direct loans to private farmers. AF FtF worked to enhance these nascent non-bank financial institutions' loan evaluation and monitoring capacity. AF FtF also supports the ACDI/VOCA created Kazakhstan Community Loan Fund (KCLF) a micro-finance institution.

### Kyrgyzstan Program Strategy and Evolution

During the course of the FtF Agricultural Finance project in Kyrgyzstan, ACDI/VOCA conducted 55 volunteer assignments utilizing 68 volunteers over the course of 5 years. When AF FtF activity was expanded to Central Asia, Kyrgyzstan was specifically targeted as a recipient of AF FtF technical assistance in the banking, and more specifically, agricultural lending sector. As in Kazakhstan, the National Bank of Kyrgyzstan was placed under the financial reform program, but the National Bank was, in similar fashion to the Kazakh National Bank, was placed in a difficult position because most banks suffer from severe shortages of loan capital.

Through the life of the project, a major emphasis was placed on supporting to separate, but equally important, branches of the agricultural credit market; banks and non-bank financial institutions, specifically agricultural credit cooperatives. The banks who were recipients of the AF FtF program, much like in Kazakhstan, were provided technical assistance in areas that not only deal with lending, but other critical bank functions as well. The idea beyond such assistance suggests that a bank cannot function properly as a lender if other criteria areas of bank support also did not function. AF FtF therefore focused on areas of human resources management, strategic planning and international accounting standards in order to strengthen the bank as an institution, as well as a lender.

As in Kazakhstan, AF FtF also focused on Kyrgyz credit cooperatives as key lenders in the Kyrgyz market to focus technical assistance to. AF FtF assisted three credit cooperatives in Osh, Chui, and Djalal-Abad in strengthening its institutional development and lending functions throughout the life of the project.

### Program Impact

<b><u>KAZAKHSTAN</u></b> <b><u>(including Uzbekistan)</u></b>	<b>No. of Volunteers</b> <b>July 1 to Sept. 30,</b> <b>1999</b>	<b>No. of Assignments</b> <b>July 1 to Sept. 30,</b> <b>1999</b>	<b>No. of Volunteers</b> <b>Since Program Began</b> <b>in Country</b>	<b>No. of Assignments Since</b> <b>Program Began in</b> <b>Country</b>
<b>By Type of Client</b>				
Private Farmers	0	0	0	0
Agricultural Enterprises	0	0	0	0
Associations, NGOs, support organizations	2	2	4	4
Cooperatives	0	0	0	0
Credit Institutions	4	4	53	37
Educational Institutions	0	0	0	0
Government Institutions	0	0	8	8
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>65*</b>	<b>49*</b>

<b>By Sector</b>				
Dairy	0	0	0	0
Grains	0	0	0	0
Meat	0	0	0	0
Fruits & Vegetables	0	0	0	0
Credit	1	1	44	28
General	5	5	19	19
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>65*</b>	<b>49*</b>

\* ACDI/VOCA, on a number of occasions utilized volunteer teams on various assignments in order to strengthen the impact to host organizations. This is the reason that the total volunteers sent overseas outnumbers the number of assignments conducted.

<b>KYRGYZSTAN</b>	<b>No. of Volunteers July 1 to Sept. 30, 1999</b>	<b>No. of Assignments July 1 to Sept. 30, 1999</b>	<b>No. of Volunteers Since Program Began in Country</b>	<b>No. of Assignments Since Program Began in Country</b>
<b>By Type of Client</b>				
Private Farmers	0	0	0	0
Agricultural Enterprises	0	0	0	0
Associations, NGOs, support organizations	0	0	0	0
Cooperatives	1	1	6	6
Credit Institutions	5	5	60	48
Educational Institutions	0	0	0	0
Government Institutions	0	0	2	1
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>68*</b>	<b>55*</b>
<b>By Sector</b>				
Dairy	0	0	0	0
Grains	0	0	0	0
Meat	0	0	0	0
Fruits & Vegetables	0	0	0	0
Credit	3	3	47	35
General	3	3	21	20
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>68*</b>	<b>55*</b>

ACDI/VOCA, on a number of occasions utilized volunteer teams on various assignments in order to strengthen the impact to host organizations. This is the reason that the total volunteers sent overseas outnumbers the number of assignments conducted.

- As a result of 34 FtF AF volunteers, 8 banks in Kazakhstan and Kyrgyzstan have converted to a new chart of accounts and bank financial reporting is in compliance with National Bank regulations. More than 150 bank employees (chief accountants and accounting department staff) were trained in new techniques of accounting methods according to international accounting standards.
- 3 banks in Kazakhstan and Kyrgyzstan implemented new branch management practices (Bank CenterCredit, Caspiyskiy Bank, and Maksat Bank)
- 2 banks (Igilik Bank and Kazcreditsotsbank) in Kazakhstan and the Kyrgyz Agricultural Finance Corporation (KAFC) in Kyrgyzstan implemented new asset/liability management practices.
- 5 banks in Kazakhstan (Turanbank, Kazcreditsotsbank, Kazagroprombank, Bank CenterCredit, and the National Bank of the Republic of Kazakhstan) and two financial institutions in Kyrgyzstan (Maksat Bank and the Kyrgyz Agricultural Finance Corporation) improved their human resource management function.
- The ACDI/VOCA established Kazakhstan Community Loan Fund (KCLF), a micro-credit institution, improved its monitoring capacity to manage small business support loans to members and increasing loan repayment rate to 98%.
- AF FtF volunteers assisted two commercial banks to further the process of Central Asian American Enterprise Fund loans (after such assistance Kazkomertsbank issued six loans to SMEs totaling \$700,000, Igilik Bank issued one loan totaling \$15,000 to an SME).
- Kazcreditsotsbank improved its loan portfolio (analysis of the loan portfolio by three FtF AF volunteers resulted in investments of \$26.6 million, increased repayment rate and \$4 million worth of loan workouts completed).



- Bank CenterCredit increased its total deposits by 35% and its client base by 15%.
- Mercury Bank has issued 30 new loans to private farmers and SMEs totaling in worth \$1.5 million and initiated new banking services: the installation of an automated cash transaction system, the preparation of documentary collection worth \$1 million in fees for the bank, and the expansion of its international banking activities to include new markets in Southern Asia.
- Kyrgyz Agricultural Finance Corporation (KAFC) enhanced its operational procedures and lending practices by 10%; KAFC reduced its staff by 5% and increased its overall management and lending efficiency by 10%.
- 2 banks in Kazakhstan (Kazcreditsbank and Kazkommertsbank) and 3 Farm Credit Associations in Kyrgyzstan (Osh Farm Credit Association, Chui Farm Credit Association and Agro-Credit Djalal-Abad Association) enhanced their operational procedures and lending practices, improved their loan monitoring capacity, lending efficiency, and loan portfolios, achieving more than 96% loan repayment rates.

### Significant Accomplishment

#### **a. International Accounting Standards**

USAID together with the National Banks of Kazakhstan and Kyrgyzstan placed a high priority on the conversion of commercial banks to international banking standards. One of the first pillars in this overall strategy was the conversion of the commercial banks to international accounting standards (IAS). The banks' ability to convert to IAS will have a positive impact on the ability of the national banks to monitor the status of the financial sector, provide bank management with accurate financial information, and increase the collaboration of Central Asian banks with western financial institutions. Western investors will also feel more secure in dealing with domestic financial institutions, which will ultimately increase foreign direct investment.

The first stage in the conversion process was focused at the level of the National banks. AF FtF continued its collaboration with USAID and other international development organizations active on USAID's funded Commercial Bank Accounting Reform Team, which was implemented by Barent's Group. During FY 1996, AF FtF completed a series of volunteer assignments with the National Bank of the Republic of Kazakhstan on IAS. AF FTF volunteers created a Gantt chart for conversion, as well as a matrix that was issued by the National Bank to assist commercial banks navigate their bridging efforts from old accounting systems to the new. Both products were included by the National Bank as part of the officially distributed materials for accounting conversion implemented in the commercial banks.

The National Bank eventually chose AF FtF to assist through short-term technical assistance the chosen pilot banks for IAS conversion Kazkommertsbank, Kazcreditsbank, and Igilik Bank. These banks were chosen because they were the most advanced in their accounting conversion efforts. AF FTF volunteers worked with the banks' accounting conversion project team to document the actions taken by the banks, and in the form of a Gantt chart provided "lessons learned" information that is now being used by the other commercial banks in Kazakhstan in their individual accounting conversions. The AF FTF volunteers have continued to play an important role in the conversion to IAS and have subsequently assisted additional financial institutions in Kazakhstan with on-site technical assistance.

The products created by this series of assignments have also been submitted to the Commercial Bank Accounting Reform team working with the National Bank of Kyrgyzstan. These documents and the "lessons learned" from these initial activities are proving extremely useful in the accounting conversion efforts taking place in Kyrgyzstan. These documents created in collaboration with the Barent's Group assisted the Kyrgyz accounting reform efforts. Two volunteer assignments were implemented with the

National Bank of the Kyrgyz Republic in coordination with the Barent's Group, and five volunteers assisted Mercury Bank, Maksat Bank, and Investment Bank Issyk-Kol in their accounting conversion efforts.

Results of these collaborative efforts of AF FtF volunteers with the USAID-funded Bank Accounting Reform projects in Kazakhstan and Kyrgyzstan include:

- The completion of a conversion matrix for matching line items from the old chart of accounts to the new system for the National Bank of the Republic of Kazakhstan. This matrix was issued to the top commercial banks as part of the accounting reform procedures.
- Developed a conversion table from existing procedures to the new chart of accounts for the National Bank of Kyrgyzstan.
- Developed a transition guide for the use of banks converting from their existing chart of accounts to the new procedures for the National bank of Kyrgyzstan.
- Training to approximately 150 bank staff on the basic understanding of accrual accounting methods, depreciation, and financial reporting requirements.
- The development and adoption of project work plans within the banks to complete the accounting conversion process. These plans include staff assignments and timelines for implementation.
- The successful development and implementation of bridges from the old accounting system to the new procedures.
- Developed and disseminated a variety of training materials related to accounting conversion.
- Documented the conversion process and methodology at Kazkommertsbank. Successive banks used this document as a resource tool for their conversion process.
- Completed training and assisted in implementation of project management techniques to approach the accounting conversion process. These tools have been applied to additional areas of bank management at Kazcreditsotsbank. The adoption of these techniques will have wide ranging impact throughout bank management processes.
- Completed training plans for assessing additional outside training resources as well as the development and implementation of internal training-of-trainers, and in-house training exercises. This has also proven to be a new operational tool for bank administration.

#### **b. Agricultural Lending/Rural Credit Training**

ACDI/VOCA has dedicated 11 volunteer assignments to activities for development and strengthening of the agricultural lending institutions in Central Asia, their operational structure, credit operations in order to become viable structures serving the farmers and non-agricultural enterprises. Results of these activities include:

- Developed and strengthened organizational and operational structure of agricultural lending institutions.
- Developed system for monitoring and tracking loans.
- Conducted an analysis of borrowers' financial status and directly trained 64 personnel in proper use of credit policies and procedures and financial tracking system to govern the lending operations of the agricultural lending institutions.
- Assisted in the understanding and proper use of the reserve fund to be established to cover possible credit losses and loan classification system.
- Strengthened and expanded ability of the agricultural lending institutions to determine the creditworthiness of borrowers and feasibility of proposed loans to agricultural and rural enterprises.

- Increased recovery rate on all loan repayments to ensure profitability to agricultural lending institutions for servicing loans to agricultural and rural enterprises.
- Provided direct training to 66 appropriate staff in various aspects of agricultural lending aspects.
- Improved repayment rate on agricultural loans. At the Kazakhstan Commercial Loan Fund, Osh Farm Credit Association, Chui Farm Credit Association and the Agro-Credit Djalal-Abad Association repayment on loans improved from approximately 90% to 95%. At the Kyrgyz Agriculture Finance Corporation repayment of loans improved from approximately 92% to 98%.
- Trained approximately 66 appropriate bank personnel (credit department staff at Maksat's branch in Osh, Kyrgyz Agricultural Finance Corporation in Bishkek, Osh Farm Credit Association in Osh, Chui Farm Credit Association in Bishkek, Agro-Credit Djalal-Abad Association in Djalal-Abad) in proper use of various agricultural lending concepts that assisted these structures organize better services for their borrowers and improve overall credit culture and lending process.

### Lessons Learned

- The effectiveness of volunteer short-term technical assistance focused on financial restructuring and credit is increased when used to support long-term programs. AF FtF has supported the Kazakhstan Community Loan Fund (KCLF), three credit associations in Kyrgyzstan, the Kyrgyz Agricultural Finance Corporation, and has been an integral part of USAID's overall financial restructuring program.
- The development of yearlong work-plans with financial institutions increased the ability of short-term volunteer assignments to result in strategic impact. The long term planning enabled AF FtF staff to become intimately aware of the bank's operations, build relationships with key bank management staff, and provided volunteers with substantial background information prior to completing the assignment. The assignments were also well designed with assistance on bank restructuring provided in a logical successive order.
- Use of Repeat Volunteers

### Kazakhstan Farmer-to-Farmer Resources Leveraged

The AF FtF Program has managed to leverage, both directly and indirectly, a sizable portfolio for its clients in Kazakhstan throughout the life of program implementation, as a result of support and assistance from AF FtF volunteer technical assistance. The following is a description of the highlights of resources that were leveraged:

- **Kazakhstan Community Loan Fund (KCLF):** The Kazakhstan Community Loan Fund in Taldykorgan maintains an outstanding portfolio of \$314,000 with a delinquency rate of less than 1%. Since lending began (November 1997), a total of 7,180 loans have been disbursed for a total amount of \$1.3 million. The Eurasia Foundation provided KCLF with about \$150,000 as loan capital for the KCLF's branch office in Shymkent (south Kazakhstan) for microlending activity.
- **Bank CenterCredit (CCB):** The bank's revenue from sales in 1999 increased up to \$2,900,000.
- **Almaty Bank Training Center (ABC):** The Almaty Bank Training Center's revenue from sales in 1999 was nearly \$100,000.

- **Kazagroprombank:** The bank is among the authoritative banks serving the credit line of the Asian Development Bank (ADB). In late 1998 Kazagroprombank received \$10,000,000 loan from ADB to implement lending program in support of agricultural enterprises in Kazakhstan.
- **Kazkommertsbank:** The bank holds the largest amount of capital. This accounts for over \$130 million and is comparable to international standards. In July 1998 Kazkommertsbank received a term loan (\$40,000,000) from the European Bank for Reconstruction and Development (EBRD).

### Kyrgyzstan Farmer-to-Farmer Resources Leveraged

The AF FtF Program has managed to leverage, both directly and indirectly, a sizable portfolio for its clients in Kyrgyzstan throughout the life of program implementation, as a result of support and assistance from AF FtF volunteer technical assistance. The following is a description of the highlights of resources that were leveraged:

- **Kyrgyz Agricultural Finance Corporation (KAFC):** In 1998, KAFC created a Department in charge of Credit Program for Small Farms (CPSF). The World Bank allocated a \$3 million grant for the implementation of this Program. Besides, IFAD is providing \$1.5 million to KAFC to implement a “poverty overcoming” program supported by UN that will also focus on assisting rural people through such farm associations or other agricultural groups.
- **City Bank Bishkek:** In 1999 the Joint-Stock City Bank Bishkek has issued 102 loans totaling 84 million soms (about \$2.8 million).
- **Financial Company for Support and Development of Credit Unions in the Kyrgyz Republic Ltd. (FCCU):** In 1999 FCCU has issued loans to 63 credit unions totaling 6.9 million soms (about \$230,000). Also, FCCU received a Loan from the Government of the Kyrgyz Republic totaling 14.4 million soms (about \$480,000).
- **Agro-Credit Djalal-Abad Association (ACDA):** ACDI/VOCA provided ACDA with about \$200,000 as loan capital from money generated under its Monetization Program for crediting farmer and processing enterprises in the Djalal-Abad Oblast. CARITAS (Switzerland) provided ACDA with \$250,000 as loan capital from its agricultural credit program crediting farmer and processing enterprises in the Djalal-Abad Oblast. As of July 1, 1999 ACDA had loans outstanding of about \$270,000 to 145 borrowers.
- **Osh Farm Credit Association (OFCA):** In its first three seasons of operation, the OFCA provided 330 credits for a total of about \$470,000 and had a repayment rate of more than 95%.
- **Chui Farm Credit Association (CFCA):** ACDI/VOCA provided CFCA with about \$70,000 as loan capital from money generated under its Monetization Program for crediting farmer and processing enterprises in the Djalal-Abad Oblast. In 1999, after the first FtF AF assignment in CFCA, ACDI/VOCA provided CFCA with additional \$70,000 as loan capital.
- **Kairat Bank:** In 1998 the bank’s loan portfolio increased by 64.4% and made up 53.6 million soms (about 2.4 million USD), and the revenue from securities transactions was 12.1 million soms (nearly 550,000 USD). Total bank’s losses in 1999 were 76 million soms (1.6

million USD), out of which more than a half was formed due to provision for losses and damages (PLD).

The summary capital of the bank amounted to 71 million soms (1.5 million USD). For the preceding period of 1999 year, the credit portfolio of the OJSC 'Kairat Bank' has increased in 200 million soms due to acceptance the credits of KyrgyzKramdsBank due to the joint decision with the National Bank of Kyrgyz Republic. The total amount of the liabilities and assets was 655 million soms (1USD = 46 KGS). Out of them the total amount of liabilities was 600 million soms, including deposits from individuals and legal entities (except banks and financial institutions) amounting to 478 million soms. The major part or the deposit base was formed of the term deposits from individuals, amounting to 219 million soms.

The sum of the term deposits of the legal entities amounted to 24 million soms. The call deposits amounted in 50% from the total deposit resources. The debt to the National Bank of Kyrgyz Republic amounted to 92.5 million soms. The sum of the credit portfolio is 357 million soms. The special reserves in the credit portfolio are 116 million soms. The material assets after the deduction of depreciation as of December 1, 1999 constituted 28.3 million soms.

- **Investment Bank Issyk-Kol:** In 1999 the Investment Bank Issyk-Kol has received a revenue from sales nearly \$81,500.

## **C. GEORGIA**

### Program Strategy and Evolution

During the course of the FtF Agricultural Finance project in Georgia, ACDI/VOCA conducted 52 volunteer assignments utilizing 57 volunteers over the course of 3 years. Since the very beginning of ACDI/VOCA's volunteer activities in 1996 in Georgia, restructuring the rural financial sector has been the primary target through direct or indirect technical support to financial institutions or by the development of a new credit delivery system. A secondary focus was to provide technical assistance to agriculture producers through training and new technologies.

The strategy of achieving those goals was initially developed in the first year, though two methods: bank training or development of a new credit cooperative system. Volunteer assignments were aimed at training bank management in credit underwriting to the agricultural sector, human resource and financial management. These were in addition to a series of volunteers who came to research the possibility of creating a credit cooperative system based on the U.S. Farm Credit system model of Production Credit Association. By the end of 1996, volunteers had assessed the rural credit situation and developed plans for the implementation of a pilot credit association in Gori, central Georgia capitalized by \$160,000USD from a separate ACDI food for progress (FFP) monetization project. In November 1996, the first loans were being approved and funded by the Gori Credit Cooperative.

Also in 1996, volunteers were fielded to assist the Private Farmers Union and Private Farmers in the production of new seed varieties for Georgian farmers. These assignments resulted in the extensive research and multiplication of numerous new varieties of wheat and potato seed.

By mid 1997, it was clear that the credit system was making cost effective progress in meeting the needs of agricultural producers through-out the Gori region. Management was effective, funds were being monitored, and, foremost, the borrower/members of the cooperative believed the system could

work. Therefore, the plans laid out by volunteers in 1996 were expanded and credit cooperative associations were opened in Kobuleti in the west and Telavi in the east in the fall of 1997. However, before the expansion of the system it became apparent that a central management organization, a non-bank type institution needed to be created that would assume the ACDI/VOCA role as the central control and funding mechanism. This concept became the Enki International Foundation, a not for profit international NGO, founded in the summer of 1997.

In addition to these direct credit system creation assignments, volunteer assignments were completed at existing lending institutions to provide credit underwriting and management technical assistance. The hope was that as the credit cooperative system expanded, the banks would provide a necessary source of expansion capital to the system. By understanding the mechanics and managerial requirements of a rural loan portfolio, the banks would be in a better position to hear and accept future proposals to participate in the credit system.

Still in its infancy of development, the credit system responded in the first year with 100% loan recovery in Gori. Despite overwhelming odds of repayment brought about by weather and marketing problems faced by the Gori members, loan repayments were achieved through production and in one case through voluntary liquidation or transfer of assets to repay their debt to the cooperative. This was the turning point of the credit system's formation: loans were being repaid.

In the beginning of 1998, assignments focused primarily on management TA within the credit cooperative system as FtF bank training was completed with two assignments targeted at bank participation in the funding of the credit system. Unfortunately, in the fall of 1998, economic troubles in Russia led to the devaluation of the currency and hopes for additional funding from the banking institutions in Georgia all but disappeared along with bank capital. These hopes were almost completely shattered when ACDI/VOCA's depository bank holding additional monetization funds for credit expansion became insolvent, freezing all monetization funds in the fall of 1998, the beginning of the lending season in the agricultural sector.

Any one of these events would have been devastating; taken together they seemed catastrophic. Coupled with poor press and performance in 1997/98 by the EU TACIS credit project that used banks as a funding mechanism for agricultural loans, the future looked dim. However, volunteers working with management of the existing credit associations believed the system would work nonetheless, borrower's were intent on repaying their loans despite a less than average production year. Then a bright spot for the future appeared. The Telavi credit association realized a 98% repayment rate and 100% collections, followed by a perfect record in Gori and Kobuleti. The credit system had established a credit rating. Perhaps not with the local banks, but with USAID and others.

Early in FY1999, ACDI/VOCA staff began working with USAID personnel to formulate a plan that would provide additional funding to expand the system infrastructure and loan capital with a grant from USAID for \$500,000USD. After several months of negotiations and planning, the \$500,000 quickly became \$1,500,000, with \$1,000,000 targeted specifically for loan capital.

By the end of FY1999 and the AF FtF project in Georgia, volunteers had conceptualized, implemented and trained the personnel of a credit system whose repayment/collection performance leads all other lending institutions in Georgia. Based on the original strategy of volunteers that were put in place to build a new credit system that was independent of the banking system and owned by the beneficiaries it served, the system has grown to seven cooperatives all across the country managed by the central entity, the Enki Foundation. And plans are now in the process to expand even further in 2000.

In addition to volunteer assignments completed for Agricultural finance activities, assignments have also been fielded in support of ACDI/VOCA's Seed Enterprise and Enhancement Development project (SEED). The Technical assistance provided by these volunteers has produced a successor Seed Company, Horizon Seed Company, Ltd.. From 1997 through 1999, volunteers have provided invaluable training to Georgian farmers and ACDI/VOCA staff to produce and market high yielding, certified seed in the four primary food crops in Georgia: Maize, Wheat, Sunflower and Potatoes. New Technologies such as True Potato Seed (TPS) and more efficient production methods have been introduced. In 1999, Horizon and SEED have produced certified seed that will plant 5000 ha in 2000. Production in the 99/2000-crop year is estimated to provide enough locally produced certified seed to plant roughly triple (16,700ha) the 1999 levels.

### Program Impact

<b><u>GEORGIA</u></b>	<b>No. of Volunteers July 1 to Sept. 30, 1999</b>	<b>No. of Assignments July 1 to Sept. 30, 1999</b>	<b>No. of Volunteers Since Program Began in Country</b>	<b>No. of Assignments Since Program Began in Country</b>
<b>By Type of Client</b>				
Private Farmers	5	5	19	18
Agricultural Enterprises	2	1	6	5
Associations, NGOs, support organizations	0	0	5	5
Cooperatives	4	2	13	11
Credit Institutions	0	0	12	12
Educational Institutions	0	0	2	1
Government Institutions	0	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>8</b>	<b>57*</b>	<b>52*</b>
<b>By Sector</b>				
Dairy	2	1	2	1
Grains	1	1	3	2
Meat	0	0	2	1
Fruits & Vegetables	3	3	7	7
Credit	3	2	25	23
General	2	1	18	18
<b>TOTAL</b>	<b>11</b>	<b>8</b>	<b>57*</b>	<b>52*</b>

\* ACDI/VOCA, on a number of occasions utilized volunteer teams on various assignments in order to strengthen the impact to host organizations. This is the reason that the total volunteers sent overseas outnumbers the number of assignments conducted.

#### **a. Rural Credit**

- A functioning rural credit system built upon the U.S. Farm Credit System model has been created;
- A central management and funding organization has been established, the Enki Foundation, to insure the continued development of the entire system
- Eight credit cooperatives are operational all across the country from east to west;
- The rural credit system continues to expand both with the assistance of ACDI/VOCA and in an independent, sustainable capacity, as well.
- Funding will continue through USAID and/or USDA to further capitalize the system
- Approximately \$295,000 in loans have been made to more than 1500 farmers and small/medium enterprises;
- In all areas fallow land is being put back into production;
- Jobs are being created exponentially everywhere there is a credit cooperative, in areas of agriculture production, processing and through newly emerging small and medium-sized enterprises;
- Loans are being repaid at rates above 98%;
- International Accounting Standards have been introduced and being implemented;

- **A National Rural Credit System is being born to institutionalize the credit cooperative system.**
  - Small and Medium Enterprises are being created in all regions served by the credit system both through direct efforts by ACDI/VOCA programs and indirectly through the ever-expanding rural credit system.
- b. Seed Production**
- Horizon Seed Company has been established
  - ACDI/VOCA has assisted in bringing and adapted a number of new technologies towards producing the highest quality seed ever produced in Georgia;
  - More than 1000 farmers will realize above average production on more than 16,000ha through the use of seed produced by ACDI/VOCA and Horizon Seed Company;
  - Direct training and demonstrations have been carried out, beginning the concept of field day training seminars;
  - Western style business management training has been adopted by fledgling Georgian Industry to ensure it's continued growth;
- c. New Technologies**
- FtF volunteers have been directly responsible for the introduction of new wheat, maize, and potato varieties that have proven to more than double the production levels of currently existing seed varieties. These new varieties are currently under evaluation and testing;
  - New Wheat Varieties are being grown and have been approved for Georgia by the variety testing department;
  - New low/min till technology and equipment were introduced to Georgian farmers;
- d. Bank Training**
- Tbilcombank, Tbilinterbank, Bank Republic, TBC Bank, have all been approved for credit lines through World Bank and EBRD as a result of AF FtF volunteer assistance;
  - Medium/Large Enterprises have received more than \$10,000,000 from all banks through these lines of credit;
  - Jobs have been created and capital assets put into production as a result of volunteer assistance to banks focusing on, or participating in, agriculture lending;
  - New Enterprises have been started (livestock operations, fruit juice processing and canning)

### Significant Accomplishments

#### Creation of a Rural Credit System

AF FtF Conceived and started a pilot credit cooperative in Gori in 1996 and continued that initial success by establishing two more credit cooperatives in Telavi and Kobuleti and established a central management and funding organization, the Enki International Foundation.

#### 1. The Enki Foundation

Registered as a public non-profit organization in July, 1997 and re-registered in 1999 as required by Georgian law, the Enki Foundation is the central management, oversight, and funding mechanism for the ACDI/VOCA credit system. It is anticipated that the Enki Foundation will remain in place when ACDI/VOCA completes its projects in Georgia. As loan capital is generated by ACDI/VOCA through



USDA monetization efforts, Enki becomes the conduit for those funds to reach the cooperatives and ultimately its member/borrowers. The foundation is steered by a five-member board of directors and managed by a president and bookkeeper. As Loans are completed and given preliminary approval at the local cooperative level, they are submitted to a three-person loan committee at the Enki foundation for final approval. Loan capital is advanced to the individual cooperative in tranches on an as needed basis, determined by aggregating the cash flow statements found in the loan applications. Likewise, as payments are received by the cooperatives, principal is paid to Enki and the cooperatives share equally in the interest earnings.

In addition to loan capital funding, the Enki Foundation provides one year administrative grants to the credit cooperatives to cover start-up costs

Throughout the year, Farmer to Farmer volunteers were fielded to assist Enki in perfecting the system and provide improvements and continued training support for the entire system. Volunteers work with cooperative credit managers, Enki personnel as well as ACDI/VOCA local credit staff. This AF FtF technical assistance has been the catalyst of creation and growth of the entire credit system.

## 2. The First Credit Cooperatives: Gori, Telavi and Kobuleti.

The Gori Credit cooperative was registered in September 1996 and began lending operations in November with \$145,000USD (approx. 185,000GEL) in loan capital. In their first year of operations, the cooperative made loans to 38 borrowers to finance the production of 1344 ha of wheat. This produced a total of 2,435 tons of grain and total income to the members of 804,480GEL in 1996/97. However, larger wheat producers suffered delayed payments for their crop due to a lack of the market's ability to absorb large quantities of wheat in a short time span caused delayed payments at the cooperative. As collection activities were carried out, repaid funds were used at other cooperatives with the idea that future monetization funds would be made available. Though the cooperative has accounted for all loan funds, monetization funds could not be accessed due to liquidity problems at the bank holding those monetization funds.

Nevertheless, one small loan was made through Gori to a farmer participating in ACDI/VOCA's SEED project. Though funding has been curtailed, the physical plant and management remain in place. In 1999, expansion and re-capitalization of the Gori Cooperative was made possible through funding provided by USAID. With this new funding, Gori has achieved extensive success in organizing and financing groups of fruit producers and others as a model of what is possible in other regions/cooperatives. Total loan funding through this cooperative will exceed \$200,000USD in 1999/2000.

Kobuleti Agriculture Credit Cooperative Association was formed in the fall of 1997 and loan activity began in April 1998 to finance maize production. In their initial year, the cooperative was provided with loan capital of \$50,000USD (66,700 GEL). Repayment is scheduled for March 31, 1999. In November 1998, the Georgian Lari experienced a devaluation that threatened the cooperative's loan asset value. Therefore, the members of the cooperative were given the choice to repay their loans that are denominated in local currency in which case the cooperative might fail, or they could voluntarily repay in amounts equal to the dollar value of the funds they received. Without exception, the members elected to repay in dollar equivalent values. When the due date approached, Borrower/members began repaying their loans as agreed. One week after the final due date of the cooperatives financing agreement with the Enki Foundation, all loans, 100%, had repaid their loans with interest. Within one month, loans to existing members and new members had been approved. With additional USAID expansion capital and interest paid from 1998/99, Kobuleti will loan in excess of \$150,000USD in 1999/2000 and membership/borrowers are expected to reach near 100.

The Telavi cooperative was registered in September 1997 and immediately began credit activities. During the 1997/98 crop season, approximately \$100,000USD was loaned to 132 borrowers for the production of 360 ha of wheat, 329 ha of maize, 379 ha of sunflowers, and 10ha of potatoes and oats. This production would not have been possible without the credit from the cooperative. Income from all borrowers amounted to 914,300GEL and 139 new jobs were created. Loan collection was a major success in the first year of operations despite poor growing conditions. As of December 31, 1998, one loan of \$4,861USD remained unpaid and was rescheduled for payment. Total principal collected was \$94,277 (94.69% of total funded) and total interest collected from borrowers was \$13,981 (100% of interest due). Capital collected from borrower/members amounted to \$3,486USD (\$2,986 from loan activity plus \$500USD initial paid in capital by the founders of the cooperative) and interest income amounted to \$6,990. For the 1998/99 crop Season, loan funding reached the maximum available, \$150,000USD and membership rose to 370 members. As in Kobuleti, members elected dollar equivalent loan terms. In the expansion, the Telavi credit association will exceed \$350,000USD in loans approved and funded in 1999/2000.

### 3. Expansion Cooperatives and the Future.

By the end of the AF FtF project on September 30, 1999, the credit system had grown to eight operating credit cooperatives, the three previously mentioned plus cooperatives in Bolnisi, Kaspi, Tsnori, Zestaponi and one being formed in Zugdidi. In 1999/2000, the credit system will have in excess of \$1,350,000USD in loan capital extended to more than 2000 small and medium rural agribusinesses and producers. In addition, the USAID Georgia mission has budgeted another \$1,500,000 in FY2000 targeted for further expansion and other funding projects have been proposed to USDA. From lessons learned in all locations, credit has been a decisive factor in raising production and employment. Also, it has been shown that when the borrowers own the institution from which they benefit, they will make every effort to repay their debts. From the initial data collected, for every dollar invested in rural credit, approximately \$5.30 is generated in production.

In the near future, the system will become a fully institutionalized national rural credit cooperative. From the first AF FtF volunteer to the last, the project has been a direct and decisive factor in this development effort. It's successes are the successes of the AF FtF project in Georgia.

### Lessons Learned

- Volunteer Financial Technical Assistance backed by development capital is an effective combination of development tools. Without the capital resources provided by USDA Food for Progress Monetization and USAID, the FtF created credit system in Georgia would not have been possible;
- Use of Volunteer Teams and repeat volunteers is the most efficient means of utilizing this type of development resource in Georgia. Volunteer teams can cover larger areas of the country faster to get training completed quickly and timely. Experience counts for much when using repeat volunteers. Already familiar with the culture and environment, repeat volunteers spend little time adjusting and come fully prepared to complete their assignment.
- Focused project objectives, such as "creating a sustainable credit system" provide more direct, measurable impact than demand driven volunteer assistance projects. Putting many short-term TA assignments to the one task of developing the credit system has had far reaching impact as opposed to those assignments targeted at one business/institution.

## Farmer-to-Farmer Resources Leveraged

Since the beginning of the ACDI/VOCA FtF project one of the guiding principles of the project was to couple Technical Assistance (TA) with financial assistance. To that end FtF mobilized funds generated by three separate ACDI/VOCA Food For Progress monetization projects. Funds generated by these activities were mobilized to provide the loan capital for the credit system developed by the FtF project. The success of this coupling of TA and direct financial resources led to a greater expansion and capitalization of the credit system through a \$1.5 million dollar grant from USAID in the summer of 1999.

## **SECTION 3 QUARTERLY ACTIVITIES**

### **I. PROGRAM ACTIVITY**

ACDI/VOCA completed **39 volunteer assignments** during the fourth quarter of fiscal year 1999.

#### ***Russia:***

- Novosibirsk Food Corporation – Pastry Production (1)
- Novosibirsk Food Corporation – Marketing (1)
- Sibargrotechnopark – Muesli Production (1)
- Nor-Agro Company – Business Plan Analysis (1)
- Sibargrotechnopark – Leasing (1)
- Sustainable Agricultural Development – (1)
  - Wassilyovo Farm (Dmitrov)
  - Voronina Farm (Tambov)
  - Mitchurinsk Agricultural University
- Rural Credit Cooperative Training Needs Assessment – (1)
  - Voronezh Rural Credit Cooperative
  - Tyumen Rural Credit Cooperative
  - Vologda Credit Cooperative
- Rural Credit Cooperative Development – (1)
  - Garant Credit Cooperative (Saratov)
  - SPAS Rural Credit Cooperative (Sergeev Passad)
- Agro-Firm ROSA JSC – Farm Financial Analysis (1)
- Dmitrov Consulting Center – Institutional Development (1)
- Uglich Cheese Making Factory – Cheese Production (1)
- Soybean Production and Marketing (1)
  - Aprotech (Voronezh)
  - Agrosputnik (Voronezh)
- Saratov Agrarian University – Farm Financial Analysis/IAS (1)
- Gammy (Nizhniy Novgorod) – Fruit Filling Processing and Equipment (1)
- Russian Association of Private Land Surveyors – Association Development (1)
- International Consulting Center (Voronezh) – Farm Financial Analysis (1)

#### ***Central Asia:***

- Almaty Bank Training Center – Branch Management (1)
- Almaty Bank Training Center – Financial Leasing and New Bank Products (1)
- Bank CenterCredit – Bank Management Strategy and Planning (1)
- Bank CenterCredit – Situational Analysis/Regional Development (1)
- Bank CenterCredit – Organizational and Management Structure (1)

Bank CenterCredit – Human Resources Management (1)  
Kyrgyz Agricultural Finance Corporation – Agricultural Credit I (1)  
Kyrgyz Agricultural Finance Corporation – Asset/Liability Management (1)  
City Bank Bishkek – Bank Organization and Management Structure (1)  
Agro-Credit Djalal-Abad Association – Rural Credit Training (1)  
Kyrgyz Agricultural Finance Corporation – Agricultural Credit II (1)  
Financial Company for Support and Development of Credit Unions – Internal Audit (1)

***Georgia:***

ACDI/VOCA SEED Project - Maise Seed Production Specialist (1)  
ACDI/VOCA SEED Project - Seed Equipment Assessment/Repair Specialist (1)  
ACDI/VOCA SEED Project - Wheat Seed Production Specialist (1)  
ACDI/VOCA SEED Project - Sunflower Seed Production Specialist (1)  
ACDI/VOCA SEED Project - Seed Marketing Specialist (1)  
ENKI International Foundation - Accounting Restructuring (3)  
ENKI International Foundation - Rural Credit Coop Legal Restructuring (1)  
Sante-Walsh Products - Mike Collection Center SME Development (2)

**A. RUSSIA**

The AF FtF-Russia Program continued its implementation of a focused strategy of assistance to rural credit cooperatives, agricultural support organizations (ASOs), and agricultural and food processing facilities. During the last quarter, AF FtF-Russia assisted **five credit cooperatives in Voronezh, Tyumen, Vologda, Saratov, and Sergeev Passad**. The Russian-American Lending (RAL) Program administered by ACDI/VOCA and the Rural Credit Cooperation Development Fund (RCCDF) initiated lending operations by making its first loans to five rural credit cooperatives in **Tomsk, Saratov, Volgograd, and Perm** for a total of **3,110,000 rubles**. AF FtF continued to work at the credit cooperative level providing assistance on credit policies and procedures and loan accounting.

**Assignment Listing:**

AF FtF fielded **seventeen (16) volunteers** in Russia to work with **twenty-three (23) host organizations** during the period July 1 - September 30, 1999.

**Novosirsk Food Corporation – Bread and Pastry Production and Bread Marketing  
(AF 500263 and AF 500262)**

**Host:** Novosibirsk Food Corporation  
**Volunteer:** Ms. Kelli Dever and Ms. Mary Albrecht

The Novosibirsk Food Corporation was established in 1997 as a limited liability company. It is engaged in a number of agribusiness operations involving grain and grain products including a small bakery. The bakery has had difficulty competing with larger more established bakeries and needs to introduce new bread and bakery products in order to compete in the market. ACDI/VOCA fielded **Ms. Kelli Dever**, a pastry production and training specialist, to review current baking practices, make recommendations on how to improve their baking processes, up-grade pastry skills, and help introduce new food products to be offered on the market. ACDI/VOCA also fielded **Ms. Mary Albrecht**, a food marketing specialist, to assist in marketing new products, assistance with identifying new clients, and researching the prospects for a new American style pizza restaurant.

***Results:***

- **New Product Development:** The volunteer demonstrated and provided recipes for the production of new bakery products including breads, cakes, quick breads, cookies and pizza. All of the products were based on ingredients readily available in Novosibirsk.
- **New Product Development and Cost of Production Analysis:** Bakery staff was demonstrated have to produce Sicilian style sauce that could be used on different types of Italian dishes including pizza. Four different types of pizzas were demonstrated. The volunteers completed a production cost estimate for one piece of cheese pizza. It was determined that a slice could be produced for 1.67 rubles and sold for between 6 – 8 rubles, well below any competitor in the region.
- **Development of a Marketing Plan:** A marketing analysis was completed to determine the feasibility of opening a pizza restaurant.
- The volunteers made several recommendations on improving the quality of the bakery items produced, reduction in cost of production, and suggestions on how to better market the products to current and potential customers. (ie: The volunteers learned that there was a bakery association being formed in Novosibirsk. It was suggested that they apply for membership giving them access to high quality flour at about half their current costs).

#### **Sibagrotechnopark – Muesli Production (AF 500266)**

**Host:** Sibagrotechnopark (Novosibirsk)

**Volunteer:** Mr. Robert Albrecht

Sibagrotechnopark is an organization, affiliated with one of the leading agricultural research institutes in Novosibirsk. Its major function is to facilitate the process of introducing new technologies and innovative equipment to agribusinesses and agricultural enterprises. A business center (Agrarian Business House) was established to advertise and promote the use of equipment and consulting services to agricultural producers and processors. One of the latest initiatives of *Agrotechnopark* is promote the production of cereal flakes and muesli mixes based on innovative equipment designed by the research institute. **Mr. Albrecht** was fielded to study the current marketing environment for muesli mixes, research the available ingredients in Novosibirsk for production, improve flake production, provide new recipes for muesli mixes, and provide recommendations on packaging and labeling. **Ms. Albrecht** also provided recommendations on the sale of muesli in Novosibirsk.

#### **Results:**

- **An analysis of the potential market for muesli was completed.** Muesli had been sold in Novosibirsk prior to the financial crisis of August 1998. It was determined that the price had escalated from 22 rubles to 30 rubles for 500 gms at which time imports of the product subsided. This indicated that if muesli could be produced and sold for less than 25 rubles there indeed would be a market.
- **The volunteer investigated current ingredients in the market and recommended the company begin fruit drying and nut processing for its mixtures.**
- **A Business Plan** was developed including a six stage progression of increased production starting with their current equipment (including one micronizer) and eventually adding a second micronizer.
- **The volunteer developed a spreadsheet on excel that allows the host to create an infinite number of recipes using local or imported ingredients and display the nutritional value and total cost of ingredients.** A comparison program was developed that combines the ingredient cost with all production costs. This indicates the annual expenses and profit, the per litre cost and profit, and the desired unit cost and profit.

#### **Nor-Agro Business Analysis (AF 500274)**

**Host:** Nor-Agro Company (Udomlya Region)

**Volunteer:** Mr. Len Knoblock

The "Nor-Agro" Private Farm employs 22 people working on 98 hectares of arable land. The farm is primarily engaged in milk processing and hog breeding. The farm was established in 1967 and restructured in 1990, the dairy plant was privatized in 1998 and currently employs 12 individuals. The plant was involved in dairy processing and produced all dairy products which include: cheeses, butter, pasteurized milk, sour cream, cottage cheese (Russian type), fermented milk products and many others. It has a projected daily capacity of 100 ton of fluid milk.

The NorAgro has the goal of managing the entire food sector in Udomlya region. A business plan was drafted prior to the arrival of the volunteer who was asked to review their business plan and provide recommendations on production, processing, and marketing.

***Results:***

- **Improvements in Dairy Processing:** The volunteer reviewed the dairy operation and recommended that the enterprise rent cows to farms in the region in exchange for the right to purchase all of the milk from those farms thus ensuring a consistent supply of milk. He also recommended that they provide advisory services to the farms from whom they purchase the milk.
- **Improved business decision-making and financial analysis:** The volunteer completed a feasibility study and recommended that the host postpone plans to begin meat processing since it would not be profitable.
- **Food Sales:** The volunteer recommended the purchase of mobile sales vehicles enabling the enterprise to bring products to the customers. Currently food is only sold in an open market and in stores in the main town. This would make it more convenient for customers living in small villages.
- **Improved grain production and storage practices.** The volunteer recommended to harvest current forage crops early to maximize their nutrient content. He also recommended storing the forages in bunk silos to preserve the nutrients.

**Sibagrotechnopark – Agricultural Equipment Leasing (AF 500264)**

**Host:** Sibagrotechnopark (Novosibirsk)

**Volunteer:** Mr. James Larson

*Agrotechnopark* is an organization, affiliated with one of the leading agricultural research institutes in Novosibirsk. Its major function is to facilitate the process of introducing new technologies and innovative equipment to agribusinesses and agricultural enterprises. A business center (Agrarian Business House) was established to advertise and promote the use of equipment and consulting services to agricultural producers and processors. One of the latest initiatives of *Agrotechnopark* is to set up a leasing company that would lease out locally designed and produced equipment (cultivators, dryers, precision drills, etc). The Deputy General Director wrote a concept paper for the establishment of an Agro-leasing equipment company prior to the start of the assignment.

***Results:***

- **The complete structure of an agro-leasing company was developed in partnership between ACDI/VOCA's volunteer and the staff of Sibagrotechnopark.** This plan included a business plan, personnel structure, operational features, and by-laws. Sibagrotechnopark is now using these documents in its submission for a leasing license from the local authorities.

- A viable and feasible repayment structure both in-kind and cash was devised and repayment amounts were established for each piece of equipment presently manufactured by the organization.

#### **Biodynamic Methods of Farming (AF 500278)**

**Hosts:** Wassilyovo Farm (Dmitrov), Voronina Farm (Tambov), and Mitchurinsk, Agricultural Academy

**Volunteer:** Mr. Trauger Groh

Biodynamics is a system of cultivating land and growing crops without applying fertilizer or chemicals. Biodynamics uses composts of organic substances instead of fertilizer and applies environmental energy. Biodynamic farming is environmentally friendly, promotes an increased awareness of quality in agricultural commodities, and promotes price competition based on quality.

Michurinsk Agricultural Academy is a leading agricultural research and training institution. It has many hectares of test fields and a self sustaining demonstration farm. It also works in close collaboration with private farmers of the region, including the farmers' cooperatives.

Citizen's Network for Foreign Affairs (CNFA) started work in the area by providing volunteer technical assistance to the Agricultural Academy, its demonstration farm and a local production cooperative. An experienced volunteer worked with the Russian hosts introducing the concept of biodynamic farming and helping with the initial steps on the way of efficient compost preparation and use. CNFA approached ACDI/VOCA requesting that a follow-on assignment be completed by Mr. Trauger Groh to monitor the current compost preparation procedures and to provide recommendations to increase the hosts' knowledge and skills in biodynamic farming.

#### ***Results:***

- **Improved composting operations:** The volunteer evaluated the educational farm operations at the Mitchurinsk Agricultural University and determined that the farm was well managed, had grain yields well above average for the region, and had the highest milk yield per cow in the region for simmental cows. He focused his efforts on improving the current handling and treatment of manure. He provided a US compost best kit and a celcius thermometer to ensure could properly implement the small scale-composting project.
- The volunteer also worked in Dmitrov and Inyavino with private farms on improving their attempts at biodynamic farming.

#### **Rural Credit Cooperation Development Fund – Training Needs Assessment (AF 500269)**

**Hosts:** Voronezh Credit Cooperative, Tyumen Credit Cooperative, and Vologda Credit Cooperative

**Volunteer:** Mr. Zack Word

**Mr. Zack Word**, a rural credit specialist, was fielded to complete a training needs assessment with three rural credit cooperatives in **Voronezh, Tyumen, and Vologda**. Mr. Ward, together with ACDI/VOCA and RCCDF staff, analyzed each of the cooperative's credit policies and procedures, loan portfolio, loan accounting system, and loan monitoring procedures. Mr. Ward also interacted with current and potential borrowers of the cooperatives and in Voronezh conducted a one-day workshop on borrower training.

The **Voronezh Oblast Agricultural Consumer Credit Cooperative** was registered on December 10, 1998 and currently has 10 members. The cooperative has a credit manual, but they are

currently not functioning. Mr. Word assessed this cooperative in conjunction with **Ms. Yelena Savinova**, the AF FtF Program Manager.

The **“Business World of Siberia” Credit Consumer Union in Tyumen** was founded on July 8, 1997 and are affiliated with the League of Credit Unions. The credit union currently has 256 members and has made a total of 451 loans since inception. The credit union is engaged in both consumer and production agricultural lending operations. The credit union has subsequently applied for accreditation into the Russian-American Lending (RAL) Program and a review of their operations is still being conducted. **Mr. Alexander Toropov**, MAC Program Manager, accompanied Mr. Word on this assignment.

In addition, Mr. Word and **Ms. Nina Medvedeva**, RCCDF Deputy General Director, analyzed the **Ustuzhna Mutual Loan Society** (credit cooperative). The cooperative is located in Vologda and was established on June 26, 1998. It currently has 120 members. The cooperative has subsequently applied to the Russian-American Lending (RAL) Program.

***Results:***

- **Three rural credit cooperatives were assessed based on their lending policies and procedures, loan accounting systems, and lending history.**
- **Two of the rural credit cooperatives have subsequently applied to the Russian-American Lending Program.**
- **Training was provided to cooperative staff on improving their overall credit operations as well as to current and potential borrowers.**

**Rural Credit Cooperative Development (AF 500276)**

**Hosts:** Saratov “Garant” Credit Cooperative and SPAS Credit Cooperative (Sergeev Passad)

**Volunteer:** Mr. Steve Bazzell

**Mr. Steve Bazzell**, a USDA rural credit specialist and a repeat ACDI/VOCA volunteer, was fielded to work directly with the **Novoburassky Agricultural Consumer Credit Cooperative “Garant”** in Saratov. The Garant cooperative was established on September 18, 1997 and presently has 34 members. The cooperative is accredited into the RAL program and received on September 15, 1999 a loan from the RCCDF amounting to 850,000 rubles. Garant subsequently made five loans to its members for both agricultural production and small-scale processing. Mr. Bazzell worked with cooperative staff on business plan development; improved the current procedure of maintaining credit files; discussed appropriate applicant/borrower activity/account monitoring methods; reviewed five approved loan applications; and provided borrower training and completed on-site inspections.

During his assignment, **Mr. Bazzell** and **Mr. Alexander Toropov** also completed a training needs assessment of the **SPAS Credit Cooperative** in **Sergeev Passad**. The cooperative was established on August 7, 1998 and has 15 members. The main problem identified at the cooperative is the small paid-in share capital requirement set at only 35 rubles. Mr. Bazzell worked with the Executive Director of the cooperative on credit principles and made recommendations on improving the cooperatives lending policies and procedures.

***Results:***



- **Improved credit policies and procedures, credit administration, and monitoring of the Garant loan portfolio.** The assignment with Garant should result in improved administration of the 850,000 ruble loan provided by RCCDF under the RAL program.
- **Assessment of the SPAS credit cooperative was completed and plans for follow-on assistance by ACDI/VOCA were developed.** The volunteer trained cooperative staff and members in the principles of agricultural lending and made concrete recommendations on improvements to their credit manual and procedures.
- Mr. Bazzel spent one day working with Mr. Vladimir Pakhomov, the RCCDF Financial Director. They discussed methods of loan monitoring and administration. **As a result, Mr. Pakhomov developed a plan for monitoring the current loan portfolio of the RAL program that will be implemented in December 1999.**

#### **Agro-firm ROSA JSC – Farm Financial Analysis (AF 500270)**

**Host:** Agro-firm ROSA

**Volunteer:** Mr. John Williams

ROSA is involved in both greenhouse and field production of vegetables, vegetable seedlings and flowers. The company has 226 hectares of which 200 are arable. There are 9 hectares of greenhouses producing tomatoes, peppers, cucumbers, eggplant, and roses. The company has also recently purchased a defunct woodshop and has upgraded its capacity with the purchase of a computerized planing mill and other equipment.

**Mr. Williams**, an accounting and financial specialist, worked with ROSA in analyzing their current accounting and reporting systems with an emphasis on the current information being provided to management. Mr. Williams worked with the Chief Accountant and the Chief Economist to design a reporting system that will provide management with financial information based on IAS as opposed to the current reporting done for tax purposes. IAS is a difficult subject matter to cover on a short-term assignment and the volunteer recommended a second assignment be completed in 2000. ACDI/VOCA has already recruited Mr. Williams to return in June 2000.

#### **Results:**

- **Converted ROSA's Balance Sheet and Income Statement to International Accounting Standards.** Trained the Chief Economist on the methods of converting this information on a monthly basis. The revised information will provide the management of the firm with a more realistic picture of their current financial operations enabling them to make more informed business decisions.
- **Completed a Net Income Analysis by area of operation detailing net income, actual cost, and profit/loss.** This report will provide management with information on how profitable each area of operation is performing (ie: vegetable greenhouse production, flowers, trade, and wood workshop, etc.). This type of reporting was never completed in the past.
- **Cash Receipts and Disbursement Report and an Account for Planning analysis was completed.**
- **Training was provided to the Chief Economist in preparing these reports on Excel increasing her efficiency.**
- **The reports developed by the volunteer will be used by future ACDI/VOCA volunteers working the sphere of IAS and farm financial analysis.**

#### **Dmitrov Consulting Center – Institutional Development (AF 500252)**

**Host:** Dmitrov Consulting Center

**Volunteer:** Mr. J.T. Scott

The Dmitrov Consulting Center has been created under the auspices of the Russian Farm Community Project to provide consulting and extension services to private farmers in the region. The center conducted 6 workshops and 2 field days in 1998 and 3 workshops in 1999. **Mr. J.T. Scott** was fielded to make recommendations on how to improve the implementation of the services provided and to investigate greater collaboration between the center and the Timaryazev Agricultural Academy (TAA). Mr. Scott also analyzed the current extension activities and demonstration and test plot programs.

**Results:**

- **The volunteer provided assistance in developing which courses will be offered by the Dmitrov Consulting Center in 2000.** He also made recommendations on how the center and the TAA can more effectively generate interest from the farmers in attending the workshops.
- **The volunteer discovered that a lot of good extension materials are developed at the TAA and other agricultural academies, but problems still remain in effectively dissemination that information to the farmers.** He suggested a new approach stressing linkages between the agricultural academies for dissemination of information.
- **Demonstration and Test Plots:** The RFCP has been funding these plots for the last seven years and an approach was developed to reduce the dependency on the RFCP over the next few years with ultimately the consulting center's activity being sustainable.

**Uglich Research and Production Center – Cheese Production and New Product Development (AF 500279)**

**Host:** Uglich Research and Production Center

**Volunteer:** Mr. Tony Kutter

The Uglich Research and Production Center was set up on the basis of All-Russia Research Institute for Butter and Cheese making industry. It is also currently playing an active role in establishing an Association of cheese producers. The host had participated on the FtF program under the auspices of Citizens' Network for Foreign Affairs. **Mr. Tony Kutter**, a former CNFA volunteer, was recruited to work with Uglich to Review the current cheese production operations, provide practical training in making cheese spreads, and provide other recommendations related to increased efficiency of cheese production and increased quality of the final product.

- **The volunteer demonstrated four new types of processed cheese using a variety of additives and tested different degrees of consistency (hard vs. soft).** The volunteer investigated what ingredients are available on the market and made practical recommendations on the types of cheese that the firm can currently produce. The volunteer brought with him several samples of new types of cheese produced at his factory as well as a variety of ingredients that are used in cheese production.
- **The volunteer also reviewed the current cheese making operation techniques and provided recommendations on improvements in quality and reductions in cost of production.**
- **The volunteer recognized deficiencies in their current marketing operations and made concrete recommendations on improvements in assessing the market for new products and increasing the effectiveness of the host's ability to sell its products.**

**Soybean Production and Marketing (AF 500273)**

**Hosts:** Aprotech and Agrospudnik

**Volunteer:** Dr. Keith Whigham

**Aprotech** is a privately owned company formed in 1995 which currently employs 150 people. It is primarily involved in sunflower processing, commercial farming, and trucking. In addition its is

involved in the processing of meat, pasta and bread production, and retail sales of food and household grains. The company has expanded its interests to include soybean production in cooperation with a collective farm near Pavlovsk. The company plans to expand to soybean oil processing at one of its two sunflower processing plants. Aprotech's interest in soybean production is their requirement to maintain a consistent supply of high quality soybeans. In 1999 commercial farming operations included 1000 hectares of sunflowers, corn, soybeans and other crops. The collective farm completed the seedbed preparation and Aprotech provided the seed, planted the field, conducted weed management, and harvested the crop. As a result of the success of this year's farming operation, Aprotech has decided to lease 2000 hectares of available land and conduct farming on their own.

**Aprosputnik** is a commandite partnership and was established in March 1997 by the Swiss Fund. Agrosputnik is comprised of the leading private farmers in the region and provides consultations, literature, marketing assistance, and low interest loans. A Swiss agronomist is on staff to assist members in the partnership of crop production. Many of the Aprosputnik farmers planted soybeans for the first time in 1999. They plan to process soybeans into oil and meal products.

**Dr. Keith Whigham**, Professor of agronomy at Iowa State University and expert on soybean production, provided assistance on soil management and conservation, weed management, inoculation, and improvement of soybean production practices.

***Results:***

- **As a result of Dr. Whigham's AB FtF assignment in January 1999 both host organizations engaged in soybean production for the first time in the summer of 1999.**
- **The results of the production of soybeans by the two hosts demonstrated that soybean production is possible in Voronezh.** As a result of the assignment, farmers have increased knowledge on proper soybean production practices. The volunteer made three major recommendations to improve overall production: (1) weed control, (2) inoculation materials must be available, and (3) irrigation should be available (due to the irregular rainfall).
- **There is a tremendous market for soyproducts in Russia for oil extraction, meal use for livestock and poultry feed, soymilk, tofu, and vegetable protein processing.** The current production of soybeans is still relatively small. However, soybean production in Voronezh increased nine-fold from 1998 to 1999.
- **Soybeans can also be used as a valuable crop in rotation to provide nitrogen to following crops and provide crop diversity that will reduce disease building in the fields.**

**Saratov Agrarian University – Farm Financial Analysis/International Accounting Standards (AF 500272)**

**Host:** Saratov Agrarian University

**Volunteer:** Dr. Cherie O'Neil

**Dr. Cherie O' Neil**, Head of the Accounting Department at Colorado State University, was fielded to conduct a two-week workshop on international accounting standards and farm financial analysis. The professors of the university provided a detailed list of issues and questions that they wanted to be addressed during the workshops. Unfortunately, the trainers were not available during most of the assignment and the volunteer provided training to graduate students who represent the future agricultural managers and accountants in Saratov oblast.

***Results:***

- **Dr. O' Neil trained professors on US GAAP accounting, regulations of the accounting profession, and the use of financial information in investment decision making.** She also conducted a comparison of US accounting standards and the Russian accounting system. She recommended that additional assistance be provided during the summer months when trainers are more available.
- **Thirty graduate students were trained on IAS and managerial accounting.** These students represent the next generation of agricultural managers in Saratov oblast. Topics such as cash flow projections, methods of product costing, breakeven analysis, and cost control and variance responsibility were presented as it relates to managerial decision making.
- **Practical Training materials were provided by Dr. O'Neil and ACDI/VOCA to the Saratov Agrarian University on IAS in Russian.** These materials were distributed to students, trainers and the university library.

#### **GAMMY – Fruit Filling Processing and Equipment (AF 500280)**

**Host:** GAMMY (Nizhniy Novgorod)

**Volunteer:** Dr. Harvey Chan, Jr.

The Industrial Commercial Center “GAMMY” is a holding company founded in 1984 that produces mayonnaise and tomato ketchup. The company is expanding its operations to include fruit fillings for pastries, milk products (yogurt), ice cream, and confectioneries. **Dr. Harvey Chan, Jr.**, a fruit filling specialist, was asked to review their current production operations, provide recommendations on improving efficiency and quality of current production, review proposals received for the purchase of new equipment, and provide recommendations on most efficient selection of new equipment.

#### **Results:**

- **Improved cooling practices of fruit filling product.** Recommended the installation of a scraped surface heat/cooling exchanger system with a positive displacement pump. The principle hurdle to increasing efficiency of fruit filling was identified as the problem of bulk cooling in converting from 13 kg filling containers to 190 kg barrels. Such large masses of fruit filling (55 gallons) are difficult to cool under storage at room temperature without product loss and overcooking.
- **Improved Quality Control.** The enterprise is receiving raw materials (fruits, dried fruits, and vegetables) dirty. The volunteer recommended installing a fruit washing station using 100 – 200 ppm chlorinated water. He also suggested the elimination of the practice of using the rehydration water.
- **Business Plan Developed and Submitted.** The volunteer made concrete suggestions on the type of new equipment necessary to upgrade their operation. He reviewed the equipment being offered by suppliers and worked with management to make a final determination. A business plan including the list of equipment needed for re-designing the production facility was submitted to SEEF (Small Enterprise Equity Fund). The volunteer also met with the evaluation committee responsible for making the decision on funding.

#### **Russian Association of Land Surveyors – Association Development (AF 500275)**

**Host:** Russian Association of Land Surveyors

**Volunteer:** Ms. Rita Lumos

The Russian Association of Land Surveyors is comprised of 120 firms. There is a national organization with two regional affiliates, or chapters, in Moscow and St. Petersburg. The association was formed in 1996. There are currently 3000 private land surveyor companies in Russia. The association is currently active in advocating on enabling legislation to bring the practice of surveying in Russia to a stable level.

Prior to land reform and the transfer of land to private ownership there were no private land surveyors. The great majority of their current work involves the dividing up of the collective farms into small privately owned farms and land cadastre issues.

**Ms. Rita Lumos**, Past President of the Nevada Land Surveyors Association and member of the Board of Directors of the National Society of Professional Surveyors, worked with Russian Association on their institutional development. The volunteer reviewed their current activities and their services, provided recommendations on their institutional development, made recommendations on continuing education for members, recommended the establishment of leasing and/or franchising systems, and reviewed the current state of enabling legislation.

***Results:***

- **Improved operation of an Association in Support of Land Surveyors.** The volunteer recommended methods for increasing the current membership of the Association and ways to attract some of the remaining 3000 companies engaged in private land surveying in Russia. She also suggested increasing the services they currently provide to include information on the latest equipment and software, information on legislative events, and continuing education for private land surveyors.
- **Improved advocacy methods.** Ms. Lumos reviewed the enabling legislation and made concrete recommendations on the proposed draft laws as well as made recommendations on how the Association can better advocate on behalf of its members. She also encouraged the Association to work out an arrangement with the government that ensured a larger percentage of work to private firms and that an open tender system be used with proper advertising and awards based on qualifications.

**International Consulting Center (Voronezh) – Farm Financial Analysis (AF 500271)**

**Host:** International Consulting Center

**Volunteer:** Mr. Stanley Jones

The International Consulting Center (ICC) is an autonomous non-profit organization set up on the basis of Voronezh Business Support Center. The ICC conducts training activities and provides consultation services for local entrepreneurs focused at improving their business operations. The Center strongly believes in the necessity of constantly improving the services they provide to their clients. One of the key areas for business support activities is financial management. More and more companies understand the importance of management accounting as opposed to traditional accounting practices that are targeted exclusively for tax authorities. Accountants need to be able to provide company management with the information that will facilitate the decision-making process and improve financial management of a enterprise. Since Russia is on the verge of changing its accounting systems to conform to international standards (IAS), the Center is also interested in getting acquainted with some of the Standards that might apply to business operations of its clients.

**Mr. Stanley Jones** was fielded to assist in developing managerial financial reports for a food-processing client of the ICC to IAS. He also conducted a workshop at the ICC for several agribusiness clients on IAS and managerial accounting.

***Results:***

- The volunteer conducted a workshop on IAS providing a general overview of IAS and focusing on the standards that are applicable to the enterprises represented at the workshop.

## **B. KAZAKHSTAN**

AF FtF fielded **six (6) volunteers** to Kazakhstan to work with **two (2) host organizations** during the period July 1 - September 30, 1999.

### **Bank CenterCredit (CCB) - Bank Management Strategy and Planning (AF 300205)**

**Host:** Bank CenterCredit

**Volunteer:** Mr. Peter Morrow

**Mr. Peter Morrow** reviewed and recommended amendments to bank management on improving the bank's strategy and its overall management operations. The volunteer communicated a fundamental approach to long-range planning, including mission statement, strategic plan, and a business plan. The volunteer also assisted the bank's management devise a strategic planning process.

#### ***Results:***

- **Improved branch operations.** The volunteer developed specific ideas for improving branch office business development. He visited the branch offices, analyzed overall operations, and advised management on how operations at the branch offices can be optimized.
- **Improved bank management operations.** The volunteer made recommendations on reorganizing and streamlining the functions of the head office, downsizing the delivery system, increasing authority to lower level employees, empowerment to the branches, and potential acquisition/merger opportunities.

### **Almaty Bank Training Center (ABC) – Branch Management/Price Formation in Banks (AF 300215)**

**Host:** Almaty Bank Training Center

**Volunteer:** Mr. Toby Sherry

This assignment was planned to focus on providing institutional support to the Almaty Bank Training Center (ABC). The volunteer was scheduled to conduct interactive workshops/seminars for appropriate employees of Kazakhstani commercial banks on the following issues on Branch Management and Price Formation in Banks. Unfortunately, the volunteer was unable to complete the assignment due to an unavoidable early departure from Almaty.

### **Almaty Bank Training Center (ABC) – Financial Leasing/New Bank Products (AF 300216)**

**Host:** Almaty Bank Training Center

**Volunteer:** Mr. Joseph Studholme

This assignment focused on providing institutional support to the Almaty Bank Training Center (ABC). **Mr. Joseph Studholme** conducted interactive workshops/seminars for appropriate employees of Kazakhstani commercial banks on the following issues on Financial Leasing and New Bank Products and Services. The AF FtF has targeted assistance to bank financial support institutions working to strengthen their capacity to provide high quality services to their clients on a sustainable basis. Additional volunteers are planned to support their activities under the new FtF program scheduled to begin implementation in October 1999.

#### ***Results:***

- **Improved Institutional Development of the ABC.** The volunteer accompanied the Marketing Director of ABC on visits to the National Bank of Kazakhstan and four major commercial banks and provided the Director information on some of the latest methods of delivering training to employees of overseas banks.
- **Increased Awareness and Understanding of Leasing Operations and How It Relates to Bank Operations.** Mr. Studholme advised Kazakhstani bankers on the opportunities and risks of setting up leasing operations at their banks. He advocated equipment leasing as a way of financing capital starved companies – a common problem for Kazakhstani businesses. He also facilitated a presentation conducted by **Mr. Phil Smith** (IBTCI and former ACIDI/VOCA volunteer) on Kazakhstan oriented lease accounting.

#### **Bank CenterCredit (CCB) – Situation Analysis/Regional Development (AF 300210)**

**Host:** Bank CenterCredit (CCB)

**Volunteer:** Mr. Robert (Scott) Gaffney

**Mr. Robert Gaffney** provided hands-on assistance to Bank CenterCredit in analyzing the bank's current operations and providing advice on situational analysis and regional development. Through analysis of economic, financial and marketing information the volunteer was able to develop a plan for developing a branch network of the bank.

#### ***Results:***

- **Improved Bank Management.** The volunteer worked with both senior and mid-level management on internationally accepted management concepts including line item authority, management by objective, decentralization, centralization, employee incentives and performance evaluation.
- **Improved Bank Organization and Employee Functions.** The volunteer recommended establishing specific personal objectives for each employee and involving key personnel in the budget and planning process. It was also suggested that the bank invest in its future by providing employees with training opportunities.

#### **Bank CenterCredit (CCB) – Organizational and Management Structure (AF 300207)**

**Host:** Bank CenterCredit

**Volunteer:** Mr. Mitchel Medigovich

**Mr. Mitchel Medigovich** worked with Bank CenterCredit to improve the bank's organizational and management structure.

#### ***Results:***

- **Improved Bank Organization and Employee Function:** The volunteer recommended a new organizational structure for senior management. He also recommended reducing the many levels of management currently in place. This would improve efficiency and result in a streamlined decision making process.

#### **Bank CenterCredit (CCB) – Human Resource Management (AF 300209)**

**Host:** Bank CenterCredit

**Volunteer:** Ms. Elizabeth Comolli

**Ms. Elizabeth Comolli**, a human resource management expert, was fielded to provide direct hands-on assistance to Bank CenterCredit on human resource development and personnel policies and

procedures.

**Results:**

- **Improved Human Resource Function and Personnel Policies and Procedures.** The volunteer provided training and assistance on the purpose, functions and roles of professional human resources management in a financial institution. She stressed the importance of motivating staff by creating HR systems to define, identify and reward good job performance and achievement of results. She also recommended expanding the scope of the HR department and strengthening its position in the bank. This would enable the department to implement a bank-wide, integrated HR programs, policies and practices under the leadership and administration of the HR division. Specific recommendations on improvements to the bank's current HR policies and procedures were made to bank management.

**C. KYRGYZSTAN**

AF FtF fielded **six (6) volunteers** to Kyrgyzstan to work with **four (4) host organizations** during the period July 1 - September 30, 1999.

**Kyrgyz Agricultural Finance Corporation (KAFC) – Agricultural Lending/Part I**  
**(AF 300178)**

**Host:** Kyrgyz Agricultural Finance Corporation (KAFC)

**Volunteer:** Mr. Joseph Wathen

AF FtF continued its relationship with the Kyrgyz Agricultural Finance Corporation by fielding **Mr. Joseph Wathen** to complete an assignment on the strengthening of the KAFC's credit operations. AF FtF has been working with the KAFC to develop a viable structure for providing credit to farmers and non-agricultural enterprises.

**Results:**

- **Improved Agricultural Credit Operations.** The volunteer developed a process for annual analysis, so the credit department can measure the creditworthiness of borrowers and the feasibility of loans, for new and existing clients. An effective method was presented for processing SFCOP and FDF loans on an annual basis therefore reducing the time necessary to process loans. The volunteer also presented two alternative loan classification systems that meet the National Bank of Kyrgyzstan requirements.
- **Improved Skill level and Increased Authority of Credit Officers.** The volunteer designed a pilot program whereby Credit Officers are given loan approval authority, as determined by the Board of Directors. The volunteer also proposed "Key Management Practices" to be used by Credit Officers in preparing their business plans and in their discussion with the farmers and presented a plan to update all employees of changes to KAFC Manuals.

**Kyrgyz Agricultural Finance Corporation (KAFC) – Asset/Liability Management**  
**(AF 300177)**

**Host:** Kyrgyz Agricultural Finance Corporation

**Volunteer:** Mr. Thomas Mueller

AF FtF continued its relationship with the Kyrgyz Agricultural Finance Corporation by fielding **Mr. Thomas Mueller** on improving the KAFC's overall asset/liability management and treasury operations.



**Results:**

- **Improved Asset/Liability Management Operations of the KAFC.** The volunteer provided a sample A/L policy and recommended some adjustments to meet the KAFC's needs. The volunteer also recommended an A/L computer software program.
- **Improved Organizational Structure.** The volunteer reviewed and supported a new organizational structure that was implemented on August 1, 1999. The volunteer also provided a sample Employee Incentive Plan that could be implemented at the KAFC
- **Improved Treasury Operations.** The volunteer provided recommendations on improving the flow of funds from the regions, and enhancements to the currency transfer system.
- **Improved Lending Operations.** Mr. Mueller provided a sample differential interest rate system that could be implemented at the KAFC, and a sample Delegated Lending Authority system that could be implemented at the KAFC. He also suggested using a variable interest rate and a loan coding system.

**City Bank Bishkek – Organizational and Management Structure (AF 300194)**

**Host:** City Bank Bishkek

**Volunteer:** Ms. Anna P. Reddy

AF FtF provided assistance on improving the organizational and management structure of the City Bank of Bishkek. **Ms. Anna Reddy** conducted numerous seminars and provided concrete recommendations on necessary changes to the bank's current HR policies and organizational structure.

**Results:**

- **Improved Bank Efficiency and Organizational Structure.** Ms. Reddy conducted various seminars on organizational structure, leadership skills, communication skills, delegating authorities, coaching skills, performance management skills, team building, planning and implementation skills.

**Agro-Credit Djalal-Abad Association (ACDA) – Rural Credit Training (AF 300199)**

**Host:** Agro-Credit Djalal-Abad Association (ACDA)

**Volunteer:** Mr. William Eyman

The Agro-Credit Djalal-Abad Association (ACDA) is a private rural credit institution providing credit to private farmers and agricultural enterprises. AF FtF fielded **Mr. William Eyman** to assist ACDA personnel in developing and strengthening their organizational and operational structure. He also developed a system for monitoring the loan portfolio, conducted an analysis of borrowers' financial status, and developed credit policies and procedures.

**Results:**

- **Improved Lending Policies and Procedures.** **Mr. Eyman** developed a new Loan Policy and Procedures Manual that was left with the Board of Directors for approval. The volunteer made concrete recommendations on capitalizing interest, term of the loans, loan files, interest rates, interest payments, and safe keeping of the original credit agreements. He also provided training on loan portfolio monitoring and effective methods to ensure collection.

**Kyrgyz Agricultural Finance Corporation (KAFC) – Agricultural Lending/Part II (AF 300179)**

**Host:** Kyrgyz Agricultural Finance Corporation (KAFC)

**Volunteer:** Mr. Joseph Wathen

**Mr. Joseph Wathen** conducted a second volunteer assignment with the KAFC on improvements on credit operations.

**Results:**

- **Improved Credit Operations.** The volunteer developed a classification that can be used to assess the quality of the KAFC loan portfolio. Presented a classification manual and forms for credit officers and representatives. The volunteer tested the new classification with KAFC loan officers and found it gave an accurate classification of borrowers' financial condition.
- **Improved Services to Borrowers and Increased Accuracy of Information Received from Borrowers.** The volunteer recommended improving the accuracy of applications provided by borrowers by presenting ideas that discourage borrowers from keeping different sets of records. The volunteer also recommended the KAFC obtain a Balance Sheet from all borrowers so financial ratios can be used in loan decisions, including FDF and SFCOP borrowers. The volunteer also suggested improving borrowers' performance by preparing a list of 381 "Key Management Practices" that borrowers can adopt in managing their operation.

**Financial Company for Support and Development of Credit Unions in the Kyrgyz Republic**

**Ltd. (FCCU) – Internal Audit (AF 300211)**

**Host:** Financial Company for Support and Development of Credit Unions in the Kyrgyz Republic Ltd. (FCCU)

**Volunteer:** Mr. Anthony Monaco

**Mr. Anthony Monaco** provided hands-on technical assistance to the Financial Company for Support and Development of Credit Unions in the Kyrgyz Republic Ltd. (FCCU) on internal controls and internal auditing. The development of credit unions will assist in mobilizing savings and increase access to credit to small entrepreneurs and individuals an area that is still undeserved by commercial banks in Kyrgyzstan.

**Results:**

- **Improved Internal Controls and Audit Function.** A conceptual framework for the development and implementation of a Modern Internal Audit Program including policy, charter, standards, audit planning tool and audit procedures were discussed and reviewed. In addition, comprehensive manuals in the areas of Internal Audit, Collateral Inspection and Fraud concepts were supplied on computer diskettes. The internal Audit function must be independent and objective. It should report functionally directly to the General Director of the FCCU and should have access to all the data in a timely manner for it to properly complete its duties.

**D. GEORGIA**

AF FtF fielded **11 volunteers** to Georgia to work with **3 host organizations** during the period July 1 - September 30, 1999.

**Wheat, Maize and Sunflower Seed Production (AF 300201, AF 300203, AF 300204)**

**Host:** Horizon Seed Company, Ltd. / SEED Project

**Volunteer:** Mr. James Stanelle (Wheat), Mr. Bob Hawthorn (Maize) and Dr. David Eblen (Sunflower)

The production of certified seed is a highly technical endeavor that requires attention to detailed cropping practices. Being at the heart of the SEED project and the success of the Horizon Seed Company, the skills and knowledge necessary for seed production in wheat, maize and sunflower were delivered to the project and to Horizon by a three volunteer team, each with their own crop specialization. Jim Stanelle, Bob Hawthorn and David Eblen arrived in Georgia to demonstrate hands-on techniques for growing high quality seed for later certification by the Georgian government.

***Results:***

- **Hands-on Training and Demonstration** by the three volunteers in technical field practices were invaluable in giving SEED project/Horizon Staff an applied knowledge in the production of certifiable wheat, maize and sunflower. After their assignment, operations were carried out without supervision by expatriate staff that produced enough certified seed in all crops to plant in excess of 5000 ha.
- **Certified Seed:** The seed produced by the SEED/Horizon Staff received certification and accolades by the Variety Testing department of the Ministry of Agriculture. It was said by testing officials that it was the best seed they had ever seen produced in Georgia.

**Seed Marketing Specialist (AF 300214)**

**Host:** Horizon Seed Company, Ltd /SEED Project

**Volunteer:** Dr. Harold Love

Producing high quality certified seed is only the first step in the process of creating a sustainable seed industry in Georgia. The second step is to market the production. To this end Harold Love was giving the task of developing a marketing plan for Horizon Seed Company for the 1999 seed crop and beyond.

***Results:***

- **A marketing plan was written and implemented** by Horizon Seed Company following the completion of Mr. Love's assignment. This plan called for creating a trademark and other advertising that would reach the widest range of cash-capable producers.
- **Seed Sales** as a result of Mr. Love's plan have exceeded prior expectations in all crops. Potato seed was completely sold, demands for wheat and maize seed out paced the staff's bagging and labeling capabilities.

**Accounting Restructuring (AF 300217, AF 300218, AF 300219)**

**Host:** Enki International Foundation and the Telavi, Gori and Kobuleti Credit Cooperatives.

**Volunteers:** Ms. Michelle Haskin, Ms. Karen Vasko and Ms. Bridget Gourd (Mr. Joshua Weiss<sup>1</sup>)

Two earlier accounting assignments identified needed improvements in the accounting and financial reporting of credit cooperatives to the Enki Foundation. The goal of these previous assignments was to identify and develop the means of getting the credit cooperative system to the point where it would be in compliance with International Accounting Standards (IAS). With expansion of the credit system underway, it was necessary to implement these improvements as quickly and efficiently as possible. Therefore, a team of four accountants was fielded to implement new procedures for accounting personnel to follow that would bring the entire credit system into IAS compliance. However, after extensive field

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<sup>1</sup> Joshua Weiss participated in the accounting team of these assignments as a volunteer provided by Colorado State University Accounting Department. He is mentioned here for his contribution to the assignment though he was non-FtF funded volunteer.

work and research at all credit cooperative locations, they decided that a complex IAS system implementation at the cooperative level would create more problems than solutions because so few Georgians understood IAS or had any type of training regarding IAS. In response to this problem, the team developed a simple yet highly accurate and efficient implementation plan: transaction information would be reported to a central accounting office where trained staff could enter data into an accounting system.

***Results:***

- **International Accounting Standards** will be immediately implemented, bringing the system into full compliance by the end of 1999.
- **Minimal Training Requirements** will be necessary to achieve IAS compliance. Bookkeepers at the cooperative level need only to record transactions in simple spreadsheets and forward the transaction information to the central accounting office in Tbilisi.
- **Accurate and Timely Reports** will result from few errors and omissions caused by staff unfamiliar and untrained in IAS. The end of 1999 that will provide a basis for future funding and project assessment will attain Professional accounting and financial reporting.
- **Low Cost implementation** of the new procedures will create a windfall in project /system costs. IAS certification takes years of study and practice. By using the simple transaction reporting system developed by this team of volunteers, the credit system will save thousands of dollars in training and hundreds of hours of time to correct errors and omissions.

**Milk Collection Centers I&II (AF300221 & 222)**

**Host:** Sante Walsh Products / The Enki Foundation

**Volunteers:** Mr. John Skiles and Mr. Bob Christie

Under the expansion proposal approved and funded by USAID to expand the credit component of the SEED project, loan diversification into all areas of rural small and medium enterprises. One of the areas identified as a potential opportunity for development and finance through the credit system is the milk and dairy products industry. To research these opportunities, Enki began discussions with Sante Walsh Products, a multimillion dollar powdered milk processing company in Tbilisi. To lower their cost of production caused by high-cost imported powdered milk, SWP has been searching for ways to purchase locally produced fluid milk from farmers. Since most milk producers in Georgia are very small, less than five cows per producer, SWP came up with the idea of establishing milk collection centers in various regions. The Enki Foundation on the other hand was interested in providing the financing for groups of producers to purchase the equipment necessary for building these centers, thereby helping to create milk marketing/production associations. To achieve both the objectives of the Sante Walsh Products company and the Enki Foundation/USAID, a feasibility analysis was needed. So, in late FY99, John Skiles and Bob Christie arrived to carry out this necessary research. Mr. Skiles brought with him experience in milk production in the Middle East and Mr. Christie brought a long career as a milk plant engineer with the Kraft Foods company.

***Results:***

- **Producer Groups were Identified** in several areas where credit cooperatives were located. These groups were approached and embraced the idea.
- **Loan Applications were submitted** to purchase milk storage equipment in the credit cooperatives in Tsnori and Telavi;
- **Underwriting for these loans is supported by the technical reports** provided by Mr. Skiles and Mr. Christie.

- **SWP saves investment capital and operating costs** in the process since the ownership of the milk collection centers is passed to the farmers. Capital that would have otherwise gone to the collection equipment will be used to upgrade equipment at the processing plant.
- **Milk Processing Centers will begin operating** in 2000 as a result of the work done by this volunteer team.

#### **Seed Equipment Assessment and Repair (AF 300202)**

**Host:** Horizon Seed Company, Ltd./SEED Project

**Volunteer:** Mr. Lee McGuire

Mr. Lee McGuire arrived in Georgia to assist the staff and machinery operators of Horizon Seed Company in the proper operation and maintenance of the tractors and field equipment purchased by the SEED project.

#### ***Results:***

- **Equipment operators and supervising staff were given instruction in the proper maintenance and operation of the tractors and field equipment used in seed production;**
- **Economics of equipment maintenance was stressed;**
- **Anticipated results will be savings in major equipment repairs due to improper operation and maintenance.**

#### **Legal Restructuring (AF 300220)**

**Host:** Enki International Foundation, Telavi, Kobuleti, Gori and all expansion Credit Associations

**Volunteer:** Mr. David Miller

In the process of expanding the credit system, it became quickly apparent that the process of establishing fully independent credit cooperatives is cumbersome, inefficient, and time consuming. With the objective of loaning and collecting loans, time spent in cooperative establishment is time wasted. Therefore, it was decided that a national cooperative made up of semi-autonomous branch cooperatives would be a much more efficient in the expansion process as well as management. To achieve this, Mr. David Miller was brought to Tbilisi to research the legality and develop the bylaws and charter of a national credit association.

#### ***Results:***

- **The bylaws of the National Rural Credit Association** was drafted and sent out to the credit cooperatives for review and comment;
- **Without exception all Credit Cooperatives Agreed** to become a member of the national credit association system;
- **A new non-bank financial institution will be created** with the legal registration of the National Rural Credit Association charter.
- **The Political and Financial Impact** of this large association of borrower/members will be felt through out the country in local, regional and national Government. As a bi-product of its function as a financial tool for its members, the National Association will provide a loud voice in financial and government reform.
- **The Basis for the creation of a Rural Bank System** will be established by combining all the assets and capital of the over-all system. Under current Georgian law, capital requirements to obtain a

banking license are 5,000,000GEL. By combining the assets and capital of all the cooperatives and the Enki Foundation, the capital needed to obtain a banking license will be exceeded.

## **II. SIGNIFICANT ACCOMPLISHMENTS – JULY 1 THROUGH SEPTEMBER 30, 1999**

### **A. RUSSIA**

During the fourth quarter of FY 99, the three components of the AF FtF program strategy continued to include agricultural support organizations (ASOs), firm-level assistance, and rural credit and finance. ACDI/VOCA completed 16 volunteer assignments with 23 host organizations during the quarter.

The most significant achievement during the last quarter was the initiation of lending activities through the Russian-American Lending (RAL) Program. The AF FtF program had long identified the inability of farmers to access credit and the lack of a program to address this need as the greatest constraint to the development of private farming in Russia. By working with developing rural credit cooperatives and the Rural Credit Cooperation Development Fund, ACDI/VOCA was able to jointly establish the RAL program.

RCCDF received its first installment of capital for the lending program on July 30, 1999 paving the way for the first round of lending operations. In September 1999, a total of 3,110,000 rubles were lent out to five rural credit cooperatives in **Tomsk, Saratov, Volgograd (2), and Perm**. These cooperatives in turn made 28 loans to private farmers that are members of the cooperatives. The loans were primarily for the purchase of production inputs such as fuel and spare parts. AF FtF has worked diligently to create a program that would meet the specific lending needs of private farmers in Russia.

AF FtF worked directly five credit cooperatives during the last quarter including the Garant Cooperative in Saratov, which did receive a loan from the RCCDF. The remaining four cooperatives are still in the early stages of development and plan on applying for accreditation in the future.

### **B. KAZAKHSTAN**

The AF FtF program accomplished significant sustainable impact with two major host organizations: Bank Centercredit and the Almaty Bank Training Center. With four different volunteer assignments to Bank Centercredit, and two volunteer assignments with the Almaty Bank Training Center, the hosts received technical assistance in the following specialized areas of bank management: bank management strategy and planning, situation analysis and regional development, organizational and management structure, human resources management development, branch management, financial leasing and new bank product development.

The host organizations in Kazakhstan have experienced significant strides in attempting to achieve the same level of efficiency and customer service as their Western counterparts. Both institutions are currently in the process of revamping their various departments and systems in order to achieve this goal. Based on volunteer recommendations the banks are in the process of changing operating procedure in everything from lending procedure to human resources management, in order to better suit the standards of an internationally recognized institution.

### **C. KYRGYZSTAN**

In the last quarter of the FtF Agricultural Finance project, the Kyrgyzstan program has achieved a greater variety in the types of institutions that were receiving technical assistance. The diversity of the program has expanding to working with traditional banks, non-bank private lending institutions, credit cooperatives, and credit unions. Focusing primarily on these institutions lending functions, the AF FtF program has assisted in redefining the ways in which agricultural lending in conducted in Kyrgyzstan. The program has managed to achieve positive change in a variety of lending functions, including the process for interest rate determination, feasibility and creditworthiness of borrowers, balance sheet management, and business planning for future lending activity.

#### **D. GEORGIA**

One of the primary challenges facing the further development of the rural cooperative credit system developed by FtF volunteers has been the adoption of an accounting system that follows International Accounting Standards (IAS). A team of three FtF volunteers, international accounting students from Colorado State University<sup>2</sup>, found a *simple* solution to this nagging problem. After visiting all the existing credit cooperatives these students determined that training all cooperative staff would be time consuming and error prone in reporting. Therefore, they developed a transaction reporting system that could be easily entered into a centralized accounting system by one or two accountants competent in IAS. The reporting system they devised is comprised of three worksheets that contain all pertinent transaction data for an accounting period, weekly, BI-monthly or monthly. In addition to the collection of accounting data, these reports will also be used to audit each cooperative on a periodic basis. The accounting system will be able to provide management and donor reports timely and a foundation for oversight/auditing has been established.

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<sup>2</sup> There was one additional volunteer member of the accounting team that was fully funded by the accounting department of Colorado State University.

**ATTACHMENT A**  
**FINANCIAL STATUS REPORT**



**ATTACHMENT B**  
**VOLUNTEER TRACKING SYSTEM**

**VOLUNTEER TRACKING SYSTEM**  
**FARMER-TO-FARMER AGRICULTURAL FINANCE**

**TABLE ONE:** Volunteers by Gender for Each Quarter of FY99

<i>Volunteers</i>	<b>1<sup>st</sup> Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<b>Total</b>
<b>Female</b>	0	1	4	9	14
<b>Male</b>	1	12	14	30	57
<b>TOTAL</b>	<b>1</b>	<b>13</b>	<b>18</b>	<b>39</b>	<b>71</b>

**TABLE TWO:** Volunteer Projects vs. Volunteers for Each Quarter of FY99

<i>Countries</i>	<b>1<sup>st</sup> Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>	<i>Totals</i>
CAR	0P vs. 0V	5P vs. 5V	4P vs. 4V	8P vs. 11V	17P vs. 20V
GEORGIA	0P vs. 0V	2P vs. 2V	3P vs. 3V	12P vs. 12V	17P vs. 17V
RUSSIA	1P vs. 1V	6P vs. 6V	14P vs. 11V	15P vs. 16V	36P vs. 34V
<b>TOTALS</b>	<b>1P vs. 1V</b>	<b>13P vs. 13V</b>	<b>21P vs. 18V</b>	<b>35P vs. 39V</b>	<b>70P vs. 71V</b>

**TABLE THREE:** Project Completions by Catagory – 4<sup>th</sup> Quarter 1999  
(July 1, 1999 - September 30, 1999)

<b>Code</b>	<b>Technical Assistance</b>	<b><i>FtF Ag. Fin.</i></b>
<b>1</b>	Farmers	4
<b>2A</b>	Farm Association/Organizational Development	0
<b>2B</b>	Farm Association/Business Operations	2
<b>2C</b>	Farm Association/Environmental Improvement	0
<b>3A</b>	Agribusiness Enterprises/Organizational Dev.	2
<b>3B</b>	Agribusiness Enterprises/Business Operations	6
<b>4</b>	Credit and Financial Institutions	2
<b>4A</b>	Agri-credit/Fin. Inst. - Banks	5
<b>4B</b>	Agri-credit/Fin. Inst. - Non-Bank Entities	13
<b>4C</b>	Bank Training	2
<b>5</b>	Government	0
<b>6</b>	Educational Institutions	2
<b>7</b>	Youth Groups	0
<b>8A</b>	ENR/Sustainable Resource Mgmt.	0
<b>8B</b>	ENR/Environmental Education	0
<b>8C</b>	ENR/Environmental Policy & Law	0
<b>8D</b>	ENR/H.R. Dev./Institutional Capacity Bldg.	0
<b>9</b>	Misc.	1
		<b>39</b>

**TABLE FOUR:** Direct Beneficiaries by Gender  
(September 1, 1992 - September 30, 1999)

<b>Beneficiaries</b>	<b>4<sup>th</sup> Q - FY 99</b>	<b>Previous</b>	<b>Total</b>
Female	484		
Male	813		
<b>Total</b>	<b>1297</b>	<b>4090</b>	<b>5387</b>

**TABLE FIVE: Volunteers by State/Country, 4<sup>th</sup> Quarter FY99**  
(July 1, 1999 to September 30, 1999)

State	Volunteers	State	Volunteers
Alabama	0	Nevada	1
Arizona	3	New Hampshire	1
Arkansas	0	New Jersey	1
California	1	New Mexico	0
Colorado	4	New York	2
CT/DE/RI	1	North Carolina	0
Florida	0	North Dakota	1
Georgia	0	Ohio	0
Hawaii/Alaska	3	Oklahoma	0
Idaho	0	Oregon	1
Illinois	0	Pennsylvania	0
Indiana	0	South Carolina	0
Iowa	4	South Dakota	1
Kansas	0	Tennessee	0
Kentucky	3	Texas	1
Louisiana	0	Utah	0
Maine	0	Vermont	1
Maryland	0	Virginia	0
Massachusetts	0	Washington	1
Michigan	2	West Virginia	0
Minnesota	0	Wisconsin	7
Mississippi	0	Wyoming	0
Missouri	1		
Montana	1	Washington, DC	0
Nebraska	0		
		<b>TOTAL</b>	<b>39</b>

**TABLE SIX: Volunteers by State/Country (Life of Project)**  
October 1, 1992 – September 30, 1999

<b>State</b>	<b>Volunteers</b>	<b>State</b>	<b>Volunteers</b>
Alabama	1	Nevada	2
Arizona	11	New Hampshire	2
Arkansas	1	New Jersey	4
California	41	New Mexico	4
Colorado	26	New York	10
CT/DE/RI	3	North Carolina	5
Florida	9	North Dakota	10
Georgia	4	Ohio	4
Hawaii/Alaska	2	Oklahoma	7
Idaho	3	Oregon	5
Illinois	8	Pennsylvania	7
Indiana	3	South Carolina	2
Iowa	12	South Dakota	5
Kansas	4	Tennessee	1
Kentucky	4	Texas	10
Louisiana	1	Utah	2
Maine	1	Vermont	3
Maryland	5	Virginia	21
Massachusetts	3	Washington	8
Michigan	5	West Virginia	0
Minnesota	33	Wisconsin	23
Mississippi	1	Wyoming	0
Missouri	12		
Montana	2	Washington, DC	2
Nebraska	2		
		<b>TOTAL</b>	<b>334*</b>

\* The discrepancy between the number of volunteers in Table 6 and the number of volunteer assignments reported in Section 1.II.B exists because of the number of volunteers who repeated traveled under the FtF Agricultural Finance project, and were not double counted in Table 6.

**ATTACHMENT C**  
**IMPACT INDICATORS**

## NIS-FTF COMULATIVE TOTALS THROUGH CY 1999 - FTF IMPACT INDICATOR TABLES

**Table I - Strengthening U.S. PVO and Institutional Partnerships**

Indicators	CY 1997	CY 1998	CY 1999 (through Sept. 30, 1999)
a. Number of FtF Implementers/Institutional Partners	46	50	23
b. Number of FtF Implementers/U.S. Organization Partnerships	12	19	18

**Table II - FtF Host Organizations**

Indicators	CY 1997	CY 1998	CY 1999 (through Sept. 30, 1999)
a. Number of hosts with first-time FtF assignments	17	21	50
b. Number of FtF implementers/host organization partnerships	15	16	18
c. Number of FtF facilitated U.S. org./host org. partnerships	3	5	1
d. Number of host organizations that have graduated	14	2	3
e. Number of inactive host organizations	4	5	4
f. Total number of host organizations	53	50	76

**Table III - Improved Mobilization of resources by PVCs PVO Partners**

Indicators	CY 1997	CY 1998	CY 1999 (through Sept. 30, 1999)
a. Est. value of FtF volunteers professional time	\$743,764	\$475,396	\$545,066
b. Est. value of resources leveraged by FtF Implementers, U.S. partners, hosts and volunteers	\$271,419	\$183,122	\$995,057
c. Number of host organizations assisted in mobilizing resources	26	19	31
d. Value of resources mobilized by FtF host organizations	\$35,630,000	\$2,324,576	\$3,109,445

**Table IV - U.S. Public Awareness Raised**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of FtF volunteers who have performed public outreach activities	14	9	13
b. Number of media events by implementers and FtF volunteers	4	7	3
c. Number of group presentations by implementers and FtF volunteers	44	34	29

**Table V - Summary of Primary Objectives of Host Organizations**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of host organizations with Broad-Based Economic Growth as the primary objective	42	30	55
b. Number of host organizations with sustainable Environmental Use or Protection as the primary objective	4	2	2
c. Number of host organizations with Building Sustainable Democracies as their primary objective	7	5	16
d. Total number of host organizations	53	37	73

**Table VI - Strategic Objectives for Broad-Based Economic Growth**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of host organizations with production increase over pre-project levels	2	3	23
b. Number of host organizations operating with increased efficiency	35	22	48
c. Number of host organizations adopting innovative practices	25	37	40
d. Number of host organizations with increased financial performance	22	25	24
e. Number of host organizations with increased foreign exchange earnings	0	0	0



**Table VII - Strategic Objectives for Sustainable Environmental Use or Protection**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of host organizations with improved waste or pollution management	0	0	0
b. Number of host organizations with improved management of natural resources (soil, forest, grazing lands, national parks)	8	5	2

**Table VIII - Strategic Objectives for Building Sustainable Democracies**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of host organizations that were created with FtF assistance and are operating with democratic principles	3	6	12
b. Number of host organizations that have expanded membership	4	6	11
c. Number of host organizations providing new or improved services to members	6	7	14
d. Number of host organizations with improved policies for functioning of grassroots, democratic organizations	6	7	17

**Table IX - Objectives for Change in Knowledge through Training**

<b>Indicators</b>	<b>CY 1997</b>	<b>CY 1998</b>	<b>CY 1999 (through Sept. 30, 1999)</b>
a. Number of host organizations with Change in Knowledge through Training as an objective	30	25	45
b. Number of host organizations with new courses or new subject matter of courses.	13	15	16
c. Number of host organizations with improved training materials and skills	12	17	43
d. Number of persons trained with FtF volunteer assistance	1480	1361	3348
e. Number of host counterparts trained in U.S. Reverse FtF and all other U.S. training/exchange programs (e.g. USIA, NET, Cochram Program)	0	0	5

**SUMMARY OF HOST ORGANIZATIONS AND IMPACT BY USAID  
STRATEGIC OBJECTIVES**

**TABLE X:**

	<b># of Orgs.</b>	<b>Broad-Based Economic Growth Table VI</b>	<b>Sustainable Environmental Management Table VII</b>	<b>Building Sustainable Democracies Table VIII</b>
<b>Hosts with First-Time FtF Assistance</b>	55	34	0	15
<b>FtF Grantee/Host Organizational Partnerships</b>	28	19	0	1
<b>U.S. Org./Host Organizational Partnership</b>	1	1	0	0
<b>Total Number of Graduated Host Organizations</b>	3	2	1	0
<b>Inactive</b>	8	4	0	0
<b>Total Host Organizations</b>	91	60	1	16

**FARMER-TO-FARMER**

**SUMMARY OF IMPACT ASSESSMENT WITH HOST ORGANIZATIONS**

**TABLE XI**

**NUMBER OF HOST ORGANIZATIONS AND LEVEL OF IMPACT**

	<b># of Orgs. Table II</b>	<b>Level 1 Primary</b>	<b>Level 2 Secondary or Spread Effect</b>	<b>Level 3 Strategic Impact</b>
<b>Hosts with First-Time FtF Assistance</b>	55	38	28	2
<b>FtF Grantee/Host Organizational Partnerships</b>	32	21	15	1
<b>U.S. Org./Host Organizational Partnership</b>	1	0	1	0
<b>Total Number of Graduated Host Organizations</b>	3	3	0	0
<b>Inactive</b>	4	0	0	0
<b>Total Host Organizations</b>	91	62	44	3

**ATTACHMENT D**  
**PROGRAM RESULTS**

<b>ATTACHMENT 1: NIS FARMER-TO-FARMER PROGRAM RESULTS</b>				
<b>USAID Goal: Broad-based economic growth and agricultural development encouraged</b>				
<b>USAID Goal: Democracy and good governance strengthened</b>				
<b>USAID Objective: The development of politically active civil society promoted</b>				
<b>PVC Strategic Objective: Increased Capability of PVC's PVO Partners to Achieve Sustainable Service Delivery</b>				
<b>Grantee: ACDI/VOCA</b>				
<b>FTF Contribution to Private Sector Agricultural Development</b>	<b>FY98</b>		<b>FY99</b>	
	<b># of hosts</b>	<b>% of total</b>	<b># of hosts</b>	<b>% of total</b>
<b>a. Total number of host organizations</b>	29		42	
b. Total number of host organizations with production increase as planned program result.*	8	100%	15	100%
c. Number of host organizations with production increases over pre-project levels.	8		15	
b. Total number of host organizations with increasing innovative practices as planned program result.*	22	100%	38	100%
c. Number of host organizations adopting innovative practices.	22		38	
b. Total number of host organizations with increasing financial performance as planned program result.*	19	100%	25	100%
c. Number of host organizations with increased financial performance.	19		25	
*This number should be a refinement of the total number of host organizations. The intent is to create a percentage of host organizations that relate directly to each indicator. This will show the true results of work with host organizations and prevent any dilution of the percentage. Only count the host organizations in this category with whom you worked specifically on this objective.				
<b>FTF Contribution to the development of politically active civil society</b>	<b>FY98</b>		<b>FY99</b>	
	<b># of hosts</b>	<b>% of total</b>	<b># of hosts</b>	<b>% of total</b>
<b>a. Total number of host organizations</b>	29		42	
b. Total number of host organizations with planned program result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.**	11	100%	20	100%

c. Number of host organizations with result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.	11	20
**A refinement of "Building Civil Societies", item c of attachment 2		

FTF Contribution to Private Sector Agricultural Development	Russia		Georgia		Kazak		Kyrgyz	
	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total
a. Total number of host organizations	28		4		3		7	
b. Total number of host organizations with production increase as planned program result.*	13	100%	2	100%	0	0%	0	0%
c. Number of host organizations with production increases over pre-project levels.	13		2		0		0	
b. Total number of host organizations with increasing innovative practices as planned program result.*	25	100%	3	100%	3	100%	7	100%
c. Number of host organizations adopting innovative practices.	25		3		3		7	
b. Total number of host organizations with increasing financial performance as planned program result.*	14	100%	1	100%	3	100%	7	100%
c. Number of host organizations with increased financial performance.	14		1		3		7	
*This number should be a refinement of the total number of host organizations. The intent is to create a percentage of host organizations that relate directly to each indicator. This will show the true results of work with host organizations and prevent any dilution of the percentage. Only count the host organizations in this category with whom you worked specifically on this objective.								
FTF Contribution to the development of politically active civil society	Russia		Georgia		Kazak		Kyrgyz	
	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total
a. Total number of host organizations	28		4		3		7	
b. Total number of host organizations with planned program result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.**	13	100%	2	100%	2	100%	3	100%
c. Number of host organizations with result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.	13		2		2		3	

\*\*A refinement of "Building Civil Societies", item c of attachment 2



FTF Contribution to Private Sector Agricultural Development	Russia		Georgia		Kazak		Kyrgyz	
	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total
<b>a. Total number of host organizations</b>	12		8		5		4	
b. Total number of host organizations with production increase as planned program result.*	3	100%	5	100%	0	0%	0	0%
c. Number of host organizations with production increases over pre-project levels.	3		5		0		0	
b. Total number of host organizations with increasing innovative practices as planned program result.*	6	100%	8	100%	4	100%	4	100%
c. Number of host organizations adopting innovative practices.	6		8		4		4	
b. Total number of host organizations with increasing financial performance as planned program result.*	6	100%	5	100%	4	100%	4	100%
c. Number of host organizations with increased financial performance.	6		5		4		4	
*This number should be a refinement of the total number of host organizations. The intent is to create a percentage of host organizations that relate directly to each indicator. This will show the true results of work with host organizations and prevent any dilution of the percentage. Only count the host organizations in this category with whom you worked specifically on this objective.								
FTF Contribution to the development of politically active civil society	Russia		Georgia		Kazak		Kyrgyz	
	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total	# of hosts	% of total
<b>a. Total number of host organizations</b>	12		8		5		4	
b. Total number of host organizations with planned program result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.**	6	100%	3	100%	1	100%	1	100%
c. Number of host organizations with result of promoting and defending member interests (cooperatives and associations) with the government at the local, regional and/or national levels.	6		3		1		1	
**A refinement of "Building Civil Societies", item c of attachment 2								

